HyNet North West

FUNDING STATEMENT

HyNet Carbon Dioxide Pipeline DCO

Planning Act 2008

The Infrastructure Planning (Applications: Prescribed Forms and Procedure) Regulations 2009 – Regulations 5(2)(h)

Document Reference Number D.4.2

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1. FUNDING STATEMENT

1.1. INTRODUCTION

1.1.1. This Funding Statement is submitted in support of an application by the Applicant under the Planning Act 2008 (as amended) (PA2008) for a Development Consent Order (DCO) for the DCO Proposed Development. A DCO is required for the DCO Proposed Development as it falls within the definition and thresholds for a Nationally Significant Infrastructure Project (NSIP) under sections 14 and 21 of the PA2008.

1.1.2. The DCO Proposed Development will provide the means for the Applicant, in the role of a licenced carbon dioxide transportation and storage company (T&S Co), to transport carbon dioxide (CO_2) from various industrial and hydrogen production entities for permanent storage offshore in the Liverpool Bay fields. The capture and storage of CO_2 is outside the scope of the DCO and this Funding Statement.

1.1.3. The purpose of this Funding Statement is to demonstrate that the DCO Proposed Development, and its operation, will be adequately funded and therefore that funding is not an impediment to the delivery of the DCO Proposed Development.

1.1.4. As it will be necessary to compulsorily acquire land and rights over land for the purposes of developing the DCO Proposed Development, and such powers have been included in the draft DCO (**Document reference: D.3.1**). This Funding Statement also explains how the Applicant will provide for the payment of compensation to those affected by compulsory acquisition, temporary possession, or blight claims.

1.1.5. This Funding Statement has been prepared in accordance with the requirements of Regulation 5(2)(h) of the Infrastructure Planning (Applications: Prescribed Forms and Procedure) Regulations 2009 (APFP Regulations) and the Department for Communities and Local Government (now the Department for Levelling Up, Housing and Communities) guidance 'Planning Act 2008: Guidance related to procedures for compulsory acquisition' (September 2013). This Funding Statement should be read in conjunction with the full suite of the Applicant’s DCO application documents.

1.2. DCO PROPOSED DESCRIPTION

1.2.1. The Applicant is making an application for a DCO to develop, install and operate the Newbuild Carbon Dioxide Pipeline, and to repurpose the Flint Connection to PoA Terminal Pipeline for transportation of CO_2.

1.2.2. The DCO Application will seek consent for the construction, operation and maintenance of the following components which are part of the DCO Proposed Development, the respective work numbers have been included and the Draft DCO (**Document reference: D.3.1**) should be referred to accordingly:

- **Ince Above Ground Installation (AGI) to Stanlow AGI Pipeline**– an approximate 4 km section of underground onshore pipeline (20" in diameter) with capacity of up to 2.5 $MtCO_2$/yr at a pressure of approximately 38 barg to transport CO_2
- **Stanlow AGI to Flint AGI Pipeline** – an approximate 32 km section of underground onshore pipeline (36" in diameter) with a capacity of up to 10 $MtCO_2$/yr at a pressure of approximately 35 barg) to transport CO_2
- **Flint AGI to Flint Connection Pipeline** – an approximate 400m section of underground onshore tie-in pipe (24" in diameter) with a capacity of up to 4.5 $MtCO_2$/yr at a pressure of approximately 33 barg to transport CO_2
- **Flint Connection to Point of Ayr (PoA) Terminal Pipeline** – an approximate 24 km section of existing underground onshore pipeline (24" in diameter) between Connah's Quay and PoA Terminal which currently transports natural gas but would be repurposed and reused to transport CO_2. This section of the Connah's Quay to PoA Pipeline is referred to in the ES as the Flint Connection to PoA Terminal Pipeline. Construction along the Flint Connection to PoA Terminal Pipeline will be limited to works associated with connecting it to:
  - The Flint AGI to Flint Connection Pipeline (included within the scope of the ES)
  - The three Block Valve Stations (BVSs) via installation of small sections of Tie-In pipeline (included within the scope of the ES) and;
  - The PoA Terminal (subject to approval of the TCPA Proposed Development so are not included within the scope of the ES but assessed in Chapter 19 of the ES **(Document reference: D.6.2.19)**).
- **Four AGIs** – Ince AGI, Stanlow AGI, Northop Hall AGI and Flint AGI;
- **Six BVSs** – located along:
  - the Stanlow AGI to Flint AGI Pipeline and;
  - the Flint Connection to PoA Terminal Pipeline;

1.2.3. The DCO would also include compulsory acquisition powers for the permanent acquisition of land and / or rights over land, imposition of restrictive covenants, powers for the temporary occupation of land, the extinguishment or overriding of easements and other rights over or affecting land required for the DCO Proposed Development. The powers sought also include the application and /

or disapplication of legislation, highway powers and tree and hedgerow removal powers, amongst other matters.

1.2.4. As well as being the applicant for the DCO Proposed Development, the Applicant is also defined as the "undertaker" for the purposes of the draft DCO and will be the entity in which the powers of the DCO are vested should the DCO be granted.

1.2.5. The Applicant is committed to trying to secure the necessary land and rights through voluntary agreement and is currently in discussions with affected persons with the intention of securing the necessary rights and interests in the land required for the life of the DCO Proposed Development by voluntary agreement.

1.2.6. However, as set out in the Statement of Reasons (**Document reference: D.4.1),** the Applicant requires compulsory acquisition powers in order to acquire the freehold of certain plots, and to acquire and create rights in land (including imposing restrictions) in order to ensure that the DCO Proposed Development can proceed and be operated without impediment.

1.2.7. The draft DCO therefore includes powers of compulsory acquisition to enable the acquisition of land interests and rights required for the DCO Proposed Development. Accordingly, this Funding Statement is required to be submitted with the application for a DCO for the DCO Proposed Development. This Funding Statement addresses how funds for the acquisition of the land and interests required and any related liabilities arising will be secured.

1.3. CORPORATE STRUCTURE

1.3.1. The Applicant, incorporated in February 2021, is to be the dedicated T&S Co for the HyNet North West industrial cluster responsible for collecting captured CO_2 from industrial entities located in North West England and North Wales and permanently storing this CO_2 in depleted reservoirs offshore in the Liverpool Bay fields.

1.3.2. The Applicant is wholly owned by Eni UK Limited. Eni UK Limited's main activity is the exploration and production of oil and gas in the United Kingdom. Eni UK Limited is a private company and an indirect subsidiary of Eni SpA. Eni SpA is an integrated energy company engaged in the entire energy chain around the world from the exploration, development and extraction of oil and natural gas, to the generation of electricity from cogeneration and renewable sources, traditional and biorefining and chemicals, and the development of circular economy processes and carbon capture projects. Eni UK Limited has been present in the United Kingdom since 1964. As at 31 December 2021, Eni UK Limited had total assets of £866 million, with cash and cash equivalents of £124 million.

1.3.3. Eni UK Limited was awarded a CO_2 appraisal and storage licence in October 2020 (CS Licence) by the Oil and Gas Authority (now known as the North Sea Transition Authority) for an area located within the Liverpool Bay area of the East Irish Sea. Eni UK Limited shall transfer the CS Licence to the Applicant, together with all relevant interests held by Eni UK Limited that are required for the purpose of developing the Applicant's CO_2 transportation and storage business. Under the CS Licence, the Applicant will reuse and repurpose depleted hydrocarbon reservoirs (the Hamilton, Hamilton North and Lennox fields, currently operated by Eni UK Limited) and associated infrastructure, to permanently store CO_2 captured in North West England and North Wales and transported by the DCO Proposed Development.

1.3.4. The ultimate parent company of Eni UK Limited is Eni SpA. Eni SpA is listed on the Milan and New York Stock Exchanges and is one of the world's leading publicly owned energy companies. Eni SpA and its affiliated companies (together 'Eni') operate in over 60 countries in almost every aspect of the energy and petrochemical business. As at 31 December 2021, Eni SpA had total assets of €74,251 million. Eni SpA can rely on a credit rating of A- (S&P) and Baa1 (Moody's). Thanks to that, Eni has extensive access to capital markets and excellent liquidity, and the group's funding is well diversified. Credit opinions from the rating agencies are included at **Appendix 3**.

1.3.5. Eni SpA, through its direct subsidiary Eni International BV, is the ultimate parent company of the Applicant, Eni UK Limited and other group companies that operate in the United Kingdom. The Applicant's corporate structure is set out in the diagram below.

1.3.6. Prior to the DCO application, the Applicant has been a dormant company pending the progress of the UK Government's CCS deployment policy. All capital requirements for the DCO Proposed Development have previously been accommodated by Eni UK Limited, being the company that was awarded the CS Licence. Eni UK Limited has also been supported by UK Government funding via the ISCF Decarbonisation of industrial clusters phase 2 competition.

1.3.7. Going forward, the Applicant will be the operator of the DCO Proposed Development.

1.3.8. The financial accounts of the Applicant and Eni UK Limited (to 31 December 2021) are included in **Appendix 1** of this Funding Statement. The financial accounts of Eni SpA and Eni International BV (to 31 December 2021) are included in **Appendix 2** of this Funding Statement and show the strong financial standing of the ultimate parent companies of the Applicant.

1.4. COMPULSORY ACQUISITION OF LAND AND BLIGHT

1.4.1. The current position regarding negotiations with landowners and those with interests in the land affected by the DCO is summarised in the Statement of Reasons (**Document reference: D.4.1**).

1.4.2. The Applicant is seeking to secure all of the land and rights required for the DCO Proposed Development through voluntary negotiation but will utilise powers of compulsory acquisition available in the DCO should that prove necessary.

1.4.3. The Applicant has issued offers of terms for voluntary agreements to the identified affected parties detailed in the Book of Reference (**Document reference: D.4.3**) and will continue to negotiate with those affected parties through the course of the DCO examination.

1.4.4. The Applicant has taken expert advice from specialist property consultants on the potential costs of funding the acquisition of all those interests and rights in land identified and described in the Book of Reference (**Document reference: D.4.3**), including potential cost of claims under Part 1 of the Land Compensation Act 1973 (although it should be noted that the Applicant does not believe that any claims under Part 1 will arise).

1.4.5. The Applicant has taken the possibility of blight provision, including any early payments under the blight provisions of the Town and Country Planning Act 1990, into consideration and associated costs are factored into this assessment. Although the Applicant believes that it is unlikely that property owners could make a valid claim for statutory blight arising from the promotion of the DCO and implementation of the DCO Proposed Development, provision for such costs has been made.

1.4.6. The total estimated costs to acquire land and rights required for the DCO Proposed Development, along with relevant claims (being claims under Part 1 of the Land and Compensation Act 1973, section 10 of the Compulsory Purchase Act 1965 and/or section 152(3) of the PA 2008), either voluntarily or through compulsion,

1.4.7. have been based on national, regional and local data that provide direct comparables for similar property to that over which the rights are required and independent third party valuations.

1.4.8. The total estimated cost of acquisition of land and rights over land is **£20,700,000**This includes the costs of acquiring permanent easement rights, land for above ground facilities, disturbance compensation, injurious affection and professional fees.

1.4.9. Funding of the Applicant required in relation to land assembly, including any exercise of powers of compulsory acquisition, will be provided by Eni UK Limited and shall be guaranteed through a parent company guarantee from Eni UK Limited in favour of the Applicant.

1.4.10. It will not be necessary to obtain any third party funding in respect of the land assembly requirements. This is because Eni UK Limited has made allowances for these costs, as they would with any large infrastructure project they fund, and will ensure that the necessary funds will be available to the Applicant when required.

1.5. DCO PROPOSED DEVELOPMENT FUNDING

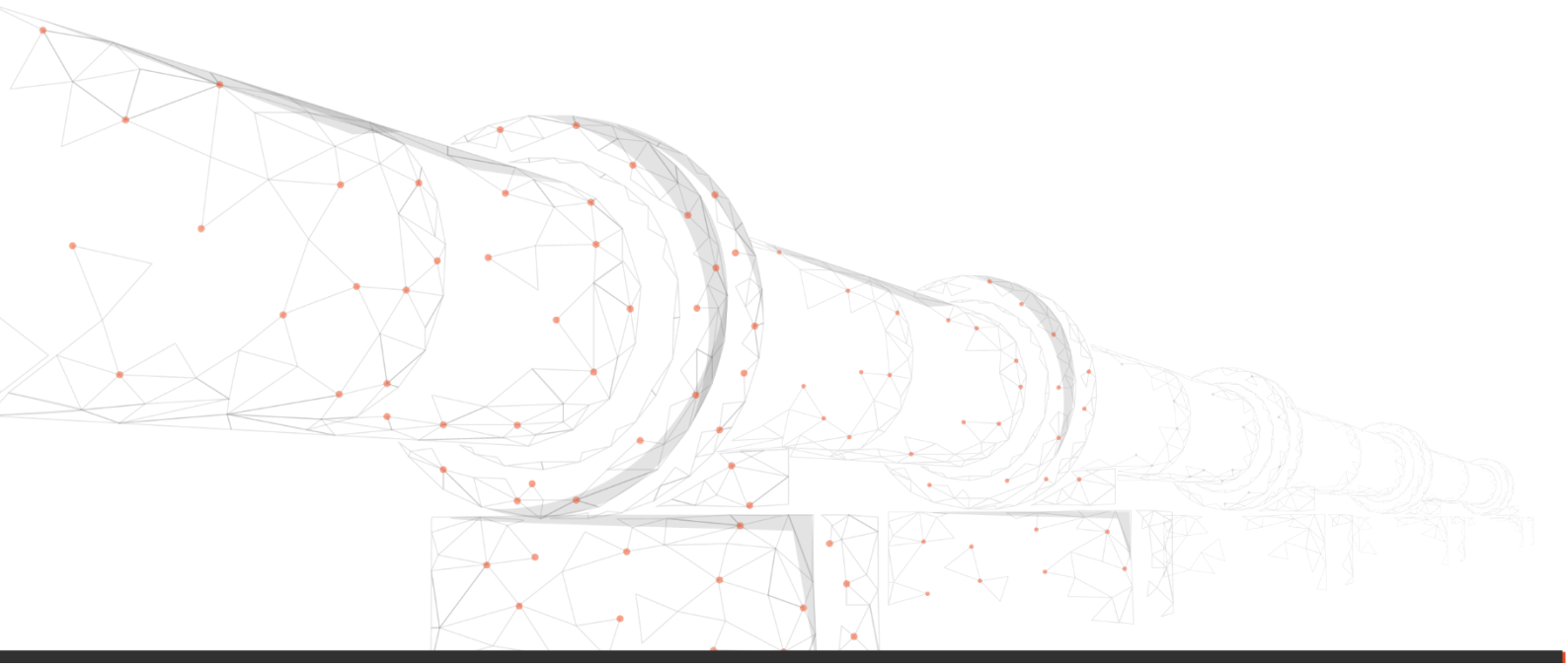
1.5.1. The total development cost of the DCO Proposed Development is estimated at **£250 million**. This includes the costs of construction, development, project management, land acquisition and operation. Funding for the DCO Proposed Development will be provided through internal sources and possibly external debt arrangements.

1.5.2. All activities to support FEED will be funded by Eni UK Limited. Costs to be incurred after the final investment decision on the DCO Proposed Development will be funded from a combination of equity, debt finance and potentially direct government support, with the exact combination dependent upon finalisation of the business models being developed by BEIS and ongoing discussions with financial advisors.

1.6. CONCLUSION

1.6.1. The Applicant has access to sufficient financial resources to meet any compensation obligations as they fall due.

Appendices



Appendix A

ENI UK LIMITED FINANCIAL STATEMENT 2021 AND LBCCS FINANCIAL STATEMENT 2021

ENI UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2021

REGISTERED OFFICE

Eni House
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London SW1W 8PZ

Registered Number: 00862823

ENI UK LIMITED

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ENI UK LIMITED

DIRECTORS AND REGISTERED OFFICE

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N Aggogeri
F Castiglioni
P D Hemmens
R Stallard

SECRETARY

R P Waterlow

ASSISTANT SECRETARY

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ENI UK LIMITED

STRATEGIC REPORT

The directors present the strategic report for Eni UK Limited (the "company") for the year ended 31 December 2021.

This strategic report also includes reference to certain company's subsidiaries and group affiliates who have operations in the UK.

Principal activities

The company is a private company and an indirect subsidiary of Eni S.p.A., an integrated energy company operating in the oil and natural gas, electricity generation, petrochemicals, oil field services and engineering industries. Eni S.p.A. operates internationally in about 68 countries and employs around 31,000 people. Eni S.p.A. is listed on the Milan and New York stock exchanges.

The company has participating interests in a number of exploration and production licences in the UK sector of the North Sea and two carbon capture storage licences in the UK. In addition, the company, through service agreements, manages all the Eni S.p.A. and its subsidiaries (Eni Group) producing and exploration assets in the UK, the exploration activities of affiliated companies operating in Ireland and Greenland, as well as the wind farm project in the UK.

Transactions in 2021

On 1 March 2021, Eni UK Limited (the company) approved entry into a sale and purchase agreement to sell the entire issued share capital of Eni AEP Limited to a third party. Completion is subject to conditions precedent and the sale is expected to complete in the first half of 2022.

Following management's decision to dispose of the entire share capital of Eni AEP Limited to a third party, on 28 April 2021 the company approved the transfer of the 8.9% working interest in the Liverpool Bay Area held by Eni AEP Limited to Eni UK Limited, operator of Liverpool Bay Area. The transfer completed on 28 April 2021 for a negative consideration of £17,098,659 representing the net book value of the assets and liabilities transferred by Eni AEP Limited to Eni UK Limited.

On 22 October 2020, the board of directors approved the transfer of operatorship of the Hewett Area from Eni Hewett Limited to Eni UK Limited. The transfer of operatorship completed on 2 July 2021.

On 1 July 2021, the company completed the acquisition of 100% working interest and operatorship of the Conwy oil field from its previous owner, Tailwind Mistral Limited for a negative consideration of £18,509,000. The Conwy oil field is tied back to the Douglas platform by pipeline. The Douglas platform is part of the Liverpool Bay Area operated by the company.

In October 2021, Eni UK Limited, as Transportation and Storage Operator of the HyNet NW Cluster, was awarded Track 1 status under the BEIS CCS Cluster Sequencing Process following a submission made in July 2021. The submission was based on the storage of CO2 in the three depleted gas fields of Hamilton Main, Hamilton North and Lennox operated by Eni as part of their Liverpool Bay Asset in the Irish Sea.

Results for the year

The results for the year are set out in the Income Statement on page 21 of the financial statements. The company made a profit after tax of £132.7 million for the year (2020: net loss £180.4 million). The net asset position in 2021 was £222.4 million (2020: £185.0 million). During the year, the company paid an interim dividend amounting to £100 million (2020: £nil) to the sole equity shareholder, Eni International BV.

Key performance indicators

Key movements in quantities sold and revenues compared to last year are analysed below:

Sales and revenues
The sales and revenue of the company are analysed below:

Quantities sold	**2021**	2020
Oil	**1,804,146 barrels**	1,746,242 barrels
Gas	**112,386,713 therms**	133,752,621 therms
Other products	**38,376 m/tonnes**	42,630 m/tonnes

Key performance indicators (continued)

Revenue from sale of oil and gas products	**2021**	2020
	£'000	£'000
Oil	**102,656**	33,578
Gas	**106,158**	29,077
Other products	**15,969**	10,258
	224,783	72,913

The company's sales revenue increased by £151.9 million during 2021 compared to prior year. This was due to higher prices for oil, gas and other products and higher production of oil offset slightly by lower production of gas and other products.

Key figures	**2021**	2020	Variation
	£'000	£'000	£'000
Total revenue	**287,682**	144,233	143,449
Operating profit / (loss)	**59,456**	(78,476)	137,932
Impairment of investments in subsidiaries	**(13,073)**	(237,615)	(224,542)
Tax (expense)/credit	**(14,649)**	33,474	(48,123)
Profit / (loss) for the year	**132,655**	(180,367)	313,022
Shareholders' equity	**222,444**	185,051	37,393

We are reporting a net profit from continuing operations of Eni UK Limited ("the company") for 2021 of £132.7 million (2020: £180.4 million loss).
The increase in net result is mainly attributable to higher commodity prices combined with higher dividend income. Total revenue increased by £143.4 million due to an increase in revenue from the sale of oil, gas and other products of £151.9 million, as a consequence of higher commodity prices, partially offset by a decrease in other income from services of £8.4 million.

The operating result increased by £137.9 million mainly due to the increase in total revenue, a decrease in depreciation charge due to lower production, partially offset by an increase in other service costs and expenses.

Impairment of investments in subsidiaries decreased by £224.5 million with an impairment in Eni AEP Limited of £13.0 million in 2021 compared to an impairment of Eni Hewett Limited of £237.6 million in prior year.
The impairment charge on Eni AEP Limited arose as a result of dividend income of £13.0m received in the year and the expected disposal of the subsidiary expected in the first half of 2022.The impairment charge of Eni Hewett Limited arose following a capital contribution of £200 million approved in 2020 in order to cover the accumulated losses of the subsidiary, repay an intercompany loan and fund the decommissioning activities until end of 2021.

Taxation for the year amounts to £14.6 million charge compared to £33.5 million credit in 2020. This annual swing of £48 million comprises, in the main, a current tax charge increase of £27 million and an increase in deferred tax of £21 million. Higher current taxes are the result of higher profits stemming from an uptick in production and rising commodity prices whilst the increase in the deferred tax charge stems partially from the utilisation of the decommissioning provision for Hewett and MacCulloch as well as a downward revision to cost estimates following a review by field operators.

Review of the business

Production performance

The overall production of the Eni UK companies in 2021 was 15,007 Kboe (2020 - 19,240 kboe) or 41.12 kboed (2020 – 52.3 kboed). There was an overall decrease in production of 28% (2020: decrease of 4%).

The production of Eni UK Limited in 2021 was 4,459 kboe (2020 – 4,741 kboe) or 12 kboed (2020 – 13 Kboed).

The performance of Eni UK companies' key fields is presented below.

Review of the business (continued)

Operated production

Liverpool Bay – 8.9% interest held by Eni UK Limited
Conwy – 100% interest held by Eni UK Limited

Eni UK companies hold 100% interest in Liverpool Bay oil and gas fields since April 2014. Eni UK Limited is the operator of Liverpool Bay. The 91.1% equity interest is held by Eni ULX Limited and 8.9% equity interest is held by Eni UK Limited from 28 April 2021. On 1 July 2021, the company acquired 100% interest in the Conwy field from its previous owner, Tailwind Mistral Ltd, an oil field tied back to the Douglas platform by pipeline, 100% equity interest is held by the company. The Liverpool Bay Area development in the East Irish Sea area consists of an integrated development of the Douglas & Conwy oilfields, together with the Lennox gas cap field and Hamilton, Hamilton North and Hamilton East gas fields.

In 2021, the gross production was 2,922 kboe (2020: 3,301kboe). The decrease was a result of natural decline (note that this production total includes Conwy oil production from 1 July 2021). The losses have been mitigated by a campaign of production optimization activities to reduce the suction pressure at the booster compressor for the gas lines, and by the daily optimization of the well line-up and processing facilities.

Operational activities were focused on maintaining production performance and uptime by addressing single points of failure and asset integrity, implementation of minor modifications to address late field life operational issues, whilst managing the challenges presented by the ongoing Covid pandemic. No interruption to production was experienced as a result of the pandemic.

A further revision to the Transportation and Processing agreement with Uniper UK Limited (Uniper) was implemented in 2021 to ensure continuity of Liverpool Bay produced gas sales direct to the National Gas Transmission System (National Grid) via Eni Global Energy Markets S.p.A.. Additionally, a joint agreement with Uniper and the National Grid was reached which ensures further continuity of Liverpool Bay produced gas sales.

In 2021, a new affiliate owned by Eni Lasmo Plc, Liverpool Bay CCS Limited (carbon capture and storage) was incorporated for the purpose of becoming a Transportation and Storage Operator as part of the HyNet North West Decarbonisation cluster. The new affiliate remained dormant in 2021. HyNet NW was awarded Tier 1 Status by the UK Government in October 2021, and Eni UK Limited, as T&S Operator plans to make extensive re-use of the existing Liverpool Bay Area infrastructure, facilities and use the depleted hydrocarbon reservoirs of Hamilton, Hamilton North and Lennox for CO_2 sequestration and storage.
Concept definition activities, including FEED engineering work, has commenced with a target date for FID in late 2023. This activity is being partially funded by the Government's Industrial Decarbonisation Challenge (IDC) programme, manged by UK Research & Innovation (UKRI), which was awarded to Eni in early 2021. The project foresees the start of injection operations in late 2025 or early 2026 and will contribute to the objective of CO2 neutrality that the United Kingdom intends to achieve by 2050.

Non-operated production

Elgin / Franklin Area - 21.9% interest held by Eni Elgin Franklin Limited, a subsidiary of Eni UK Limited
Glenelg – 8% interest held by Eni UKCS Limited, a subsidiary of Eni UK Limited

The Elgin Franklin area includes the fields of Elgin, Franklin, West Franklin and Glenelg. 21.9% equity interest in Elgin, Franklin and West Franklin is held by the company's subsidiary, Eni Elgin/Franklin Limited. 8% equity interest in Glenelg is held by the subsidiary, Eni UKCS Limited. Eni UK Limited does not hold any direct equity interest in Elgin Franklin, West Franklin and Glenelg.

The production facilities in Elgin Franklin area consist of a main processing, utilities and quarters platform (PUQ) located over the Elgin Field, two wellhead platforms bridge-linked to the PUQ and two further satellite wellhead platforms located on the Franklin and West Franklin fields tie-back to the PUQ via subsea flowlines. Liquid production is exported from the field via the Forties Pipeline System (FPS) and gas is exported to Bacton via the Shearwater Elgin Area Line (SEAL) pipeline system.

The total production from the Elgin/Franklin/West Franklin and Glenelg fields for 2021 was 8,142 kboe, compared to 10,907 kboe in 2020 (Eni UK companies' share). The reduction in production in comparison with the previous year is due to the mandatory Turn Around to perform the maintenance activities and to the significant overrun of planned and unplanned outages that occurred while conducting exceptional remedial work on the Forties Pipeline System (FPS) by its operator Ineos that affected several fields in the Central North Sea.

During the year, the drilling operation of well EIG from Elgin B has been completed and the well production start-up occurred in November 2021.

Review of the business (continued)

Non-operated production (continued)

Elgin / Franklin Area - 21.9% interest held by Eni Elgin Franklin Limited, a subsidiary of Eni UK Limited
Glenelg – 8% interest held by Eni UKCS Limited, a subsidiary of Eni UK Limited

In 2021 (as in 2020), production from the Glenelg field continued to suffer from issues associated with a blocked chemical injection line, which was originally designed to prevent the formation of scale. The Glenelg (G10) well produced cyclically to ensure water free production in order to avoid the deposition of scale within the well, which could compromise the integrity of the Downhole Safety Valve. However, in August 2021 new flow trials started to test the installation of routine retrieval and replacement of an insert valve with the aim to produce this well continuously and with formation water.

Given the positive results of the flow trial in G10, production from the Glenelg well increased by 20kboe in 2021 with respect to the previous year, delivering 79 kboe in 2021, as opposed to 59 kboe in 2020 (Eni share).

J-Block Area (Joanne, Judy and Jasmine) – 33% interest held by Eni UK Limited
Jade – 7% interest held by Eni UK Limited

The company holds a 33% interest in the J-Block, Joanne and Jasmine fields and a 7% interest in the Jade field.

The J-Block development consists of a central processing platform located over the Judy reservoir with a subsea tieback from a manifold located over the Joanne field, both of which came online in 1997. Satellite wellhead platforms associated with the Jade and Jasmine fields are also tied back to the Judy platform and a Riser Platform has been installed adjacent to the Judy platform and bridge-linked. This riser platform receives and part-processes Jasmine production before it is delivered to the Judy processing platform. Oil and condensate from J-Block are exported via the Norpipe pipeline and gas is transported to shore via the CATS pipeline and processed at Teeside facilities.

The Jasmine field, a high pressure/high temperature gas-condensate/volatile oil field that is tied-back to the Judy Platform, was brought on-stream in November 2013.

Production in 2021 from the J- Area was in Eni UK share, 10,750 kboed (J-Block 3,680 kboed, Jade 610 kboed and Jasmine 6,460 kboed) compared to 2020 production of 12,612 kboed (J-Block 4,287 kboed, Jade 786 kboed and Jasmine 7,539 kboed).

The production decrease in 2021 compared with 2020 was primarily due to the natural decline of the Jasmine and J-Block fields only partially compensated by the contribution of the infill wells that started in 2021, S16 came on production in January and S17, which was drilled in the first half of the year, started production in June 2021.

The company continued to be involved in progressing the plans for the development of the Talbot Field (JV Harbour Energy 67%, Eni 33%) which was acquired in the 30th Bid Round with the same J-Block partnership. An appraisal well on the field was drilled in 2021 with promising results that unlock the project to re start with a Final Investment Decision expected in Q2 2022.

Decommissioning operated activities
Hewett – 89.31% interest held by Eni UK Limited

On 22 October 2020, the board of directors approved the transfer of the entire participating interest in the Hewett Area Fields from Eni Hewett Limited (51.687%) and Eni LNS Limited (12.962%) to their parent company, Eni UK Limited. The transfer completed on 3 November 2020 for a negative consideration of respectively £24,285,000 and £13,113,000 representing the net book value of the assets and liabilities transferred to the company. From 3 November 2020, the company holds 89.31% participating interest in the Hewett Area (2020: 24.66%). The board also approved the transfer of operatorship from Eni Hewett Limited to the company. The transfer of operatorship completed on 2 July 2021.

The Hewett Area gas fields are located in the Southern North Sea and are in final field Cessation of Production as part of the scheduled transition into decommissioning. Gas sales production from all Hewett fields ceased at the end of 2020.

Review of the business (continued)

Decommissioning operated activities (continued)
Hewett – 89.31% interest held by Eni UK Limited

In 2021 the well plug and abandonment operations continued using the Valaris 72 Jack-up rig, well P&A has been completed in 48/29 Bravo, 48/29 Charlie and two Sub Sea wells. Decommissioning preparation work scopes commenced on the 52/5 Alpha platform including well plug and abandonment operations.

Decommissioning non-operated activities
MacCulloch – 40% interest held by Eni UK Limited

The MacCulloch field lies in the UK Continental Shelf (UKCS) Block 15/24b. The company has a 40% interest in the block, which is operated by Harbour Energy.

The field is no longer in production following a decision to cease production in 2015. The FPSO was demobilised from the field in August 2015 although the wells and subsea infrastructures were left in place for subsequent removal as part of the final phase of field decommissioning. A well P&A campaign commenced in August 2019 but was suspended for a 7-month period as part of the management of the COVID-19 pandemic. Operations resumed in November 2020 and were completed in July 2021.

Exploration

At the end of 2021, the company held 3 exploration licences with equity interest ranging between 15.8% and 100%, of which 1 is operated. Through participation in the 32nd Offshore Licencing Round, the company was awarded the operated licence P2511 in the UK sector of the Viking Graben - Northern North Sea, for an area of approximately 350 km^2, with effective date 1st December 2020. During the first half of 2021 a farm out process for the same licence was concluded, resulting in the transfer of 50% of participation interest to Aker BP UK: JOA signed on 4th May 2021.

Major activity during the year was dedicated to the follow up of three Exploration wells drilled in the non-operated assets of the J-Area in the Northern North Sea (Harbour Energy operator): Talbot Appraisal in P2456 (Eni 33%), Jade South in P1589 (Eni 7%) and Dunnottar in P2399 (Eni 33%). Talbot Appraisal and Jade South wells were successful with discovered hydrocarbon volumes in line with expectations. Dunnottar found marginal volumes of hydrocarbons not allowing for a standalone development plan. The discovery may be produced through an extended reach well from Judy platform located at a distance of around 4.5 km. Additional activity, in Exploration, regarded the internal evaluation of near-field Exploration opportunities in the J-Area, in order to plan future drilling activity.

Decarbonisation and circular economy – Eni UK Limited projects

In October 2021, Eni UK Limited, as Transportation and Storage Operator of the HyNet NW Cluster, was awarded Track 1 status under the BEIS CCS Cluster Sequencing Process following a submission made in July 2021. The submission was based on the storage of CO2 in the three depleted gas fields of Hamilton Main, Hamilton North and Lennox operated by Eni as part of their Liverpool Bay Asset in the Irish Sea. The concept includes the reuse of existing infrastructure currently employed in hydrocarbon production with adaptation for CO2 transportation and injection once hydrocarbon production ceases. Eni intends to be the Operator of the CO2 Transportation and Storage system and will enter agreements with a variety of CO2 emitter companies in the North West region associated with both industrial plants and future hydrogen production sites. Eni has, to date, entered 19 Memorandums Of Understanding (MOUs) with emitter companies who have expressed interest in utilising the services of the transportation and storage system.

Concept definition activities, including FEED engineering work, has commenced with a target date for FID in late 2023. This activity is being partially funded by the Government's Industrial Decarbonisation Challenge (IDC) programme, managed by UK Research & Innovation (UKRI), which was awarded to Eni in early 2021. The project foresees the start of injection operations in late 2025 or early 2026 and will contribute to the objective of CO2 neutrality that the United Kingdom intends to achieve by 2050.

Government grants have been received from UK Research & Innovation (UKRI) - a non-departmental public body sponsored by the Department for Business, Energy and Industrial Strategy (BEIS), for monies spent in connection with Eni's Liverpool Bay Carbon Capture & Storage Project (LBA CCS Asset). It is designed to help transform a region of the UK into the world's first low carbon industrial cluster by 2030. LBA CCS Asset is being developed in parallel with and as a key part of the HyNet Northwest full-chain hydrogen and CCS industrial decarbonisation project.

The company had also signed a Cooperation Agreement with BP, Equinor, Total and Shell, becoming part of the Net Zero Teesside ("NZT") project and Net Endurance project ("NEP"), both operated by BP in early 2021. In the second half of 2021, the company has withdrawn from both the carbon capture storage projects NZT and NEP operated by BP. As a result of this decision a write off of costs amounting to £7.1 million was recognised in the income statement.

Review of the business (continued)

Research and Development

On 21 December 2016, the ultimate parent company Eni S.p.A., through the company, entered into a Members Agreement with OGCI Climate Investments LLP (the Oil and Gas Climate Initiative – Climate Investments). Members of OGCI, a collaborative investment vehicle of initially 7, and currently 11, leading oil and gas companies representing one fifth of the world's oil and gas production, operate with the objective of developing and accelerating the commercial deployment of innovative low emissions technologies and identifying ways to cut the energy intensity of both transport and industry by investing at least one billion US dollars (company share: $100 million or £80 million) in the next ten years. The number of members participating in this initiative will not change the total capital contribution by each member. The creation of OGCI Climate Investments LLP shows the collective determination of the oil and gas industry to deliver technology on a large scale that will create a step change to help tackle climate challenge.

At 31 December 2021, the investment in OGCI amounted to £21.3 million compared to £11.9 million in the prior year.

Renewables – 20% interest held by Eni North Sea Wind Limited, an affiliate of Eni UK Limited

In March 2021, Eni North Sea Wind Limited, a UK affiliate company, completed the acquisition from Equinor and SSE Renewables of a 20% interest in the development of the wind power plant called Dogger Bank (A and B). This will be the largest offshore wind power plant in the world, extending over an area of approximately 8,660km² and with a planned capacity of 2.4GW (100% share) with completion expected in 2023-2024. Subsequently, Eni North Sea Wind Limited signed a sale and purchase agreement for the acquisition of a 20% interest in Dogger Bank C, the third phase of the Project, which has a planned capacity of 1.2 GW (100% share) and completion expected in 2025. The acquisition is due to complete in the first half of 2022. Once completed, the 3 phases of Dogger Bank will generate enough renewable electricity to power six million UK homes. These two operations will contribute 720 MW to the renewable generation capacity and to Eni's growth targets. The company has started providing management and various support services to Eni North Sea Wind Limited.

Health, safety and environment

In addition to the maintenance and application of internal company HSE management systems, the company has been maintaining ISO 14001 and ISO 45001 certifications for its business activities.

Joint venture consortia – strategic core assets

The principal joint venture consortia, considered as the strategic core assets, in which the company and Eni UK companies participate (together referred to as Eni Group in the tables below), as at 31 December 2021, identified by reference to their particular area or field name in the UKCS, are as follows:

Area or Field	Operator	% interest
Eni UK Limited		
Producing fields and facilities		
Judy / Joanne	Harbour Energy	33.33
Jade	Harbour Energy	7.00
Jasmine	Harbour Energy	33.33
Talbot	Harbour Energy	33.33
Liverpool Bay	Eni UK Limited	8.90
Conwy	Eni UK Limited	100
Pipelines and terminals		
CATS Pipeline	CATS North Sea Limited	0.33388
Exploration areas		
Liverpool Bay P099	Eni UK	100.00
Dunnottar P2399	Harbour Energy	33.33
Tommeliten P2220	ConocoPhilips Skandinavia	15.85
Decommissioning field		
MacCulloch	Harbour Energy	40.00
Hewett	Eni UK Limited	89.30
Carbon capture storage		
Liverpool Bay CCS	Eni UK Limited	100.00
Subsidiaries		
Producing fields and facilities		
Elgin/Franklin	Total	21.867
Glenelg	Total	8.00
Development and pre-development areas		
West Franklin Phase 2	Total	21.867
Pipelines and terminals		
GAEL (Southern Spur)	Ineos	15.20
GAEL (Northern Spur)	Ineos	5.26
SILK Pipeline	Total	12.185
SEAL Pipeline	Shell	12.185
Affiliates		
Producing fields and facilities - Affiliates		
Liverpool Bay	Eni ULX Limited	91.10
Joint venture		
Equity group 401	Total	25.459
Equity group 402	Total	27.1

Principal risks and uncertainties

The company aims to mitigate risks and manage and control the exposure where possible. Risk assessment process is integrated into the Integrated Risk Management System Guideline (MSG).

The risks and uncertainties described below may have a material adverse effect on the operational and financial performance of the company.

Commodity price risk
The company's performance is affected by volatile oil and gas price fluctuations, which are subject to international supply and demand as well as numerous other political factors. The guidelines of Eni S.p.A. and its subsidiaries (Eni Group) for the management of commodity risk contain limits to the price risk deriving from trading activities. Coordination in this area is carried out by a commodity risk assessment team operating at the Eni Group level.

Safety, security, environmental and other operational risks
The company engages in the exploration and production of oil and natural gas. By its nature, the company's operations are exposed to a wide range of significant health, safety, security and environmental risks. Technical faults, malfunctioning of plants, equipment and facilities, control systems failure, human errors, loss of containment and adverse weather events can trigger damaging consequences such as explosions, blow-outs, fires, oil and gas spills from wells, pipeline and tankers, release of contaminants and pollutants in the air, the ground and in the water, toxic emissions and other negative events. The company's future results of operations and liquidity depend on its ability to identify and address the risks and hazards inherent to operating in those industries. The company continues to invest significant financial resources to upgrade its plants, production facilities, and other infrastructure, to safeguard the health and safety of its employees, contractors, local community, and the environment, and comply with applicable laws and regulations. The company has an emergency response plan to deal with emergencies and unforeseen incidents, and also has insurance policies to minimise potential financial liabilities incurred in such events.

Risk associated with the exploration and production of oil and natural gas
The exploration and production of oil and natural gas require high levels of capital expenditures and are subject to natural hazards and other uncertainties, including those relating to the physical characteristics of oil and gas fields. The exploration and production activities are subject to mining risk and the risks of cost overruns and delayed start-up of the projects to develop and produce hydrocarbons reserves. Those risks could have an adverse, significant impact on the company's future growth prospects, results of operations, cash flows and liquidity. The company mitigates these risks by investing in skilled people, as well as utilising the group drilling and operations engineers in creating high-quality exploration and development plans.

Climate-related risks
Society and national governments are stepping up efforts to reduce the risks of climate change and support an ongoing transition to a low carbon economy. Current laws and regulations to curb carbon emissions and implement fiscal measures to drive technological innovation are aimed at reducing the world's reliance on fossil fuels. These trends could materially affect demand for hydrocarbons in the long-term and increase compliance costs for the company in the short-term. Eni is also exposed to the risk of unpredictable extreme meteorological events linked to climate change. All these developments may adversely and materially affect the Group's profitability, businesses outlook and reputation. The Eni Group's strategy aims to achieve, by 2050, the net zero target on GHG Scope 1, 2 and 3 emissions (Net GHG lifecycle emissions), and the associated emission intensity (Net Carbon Intensity). The company has invested in Carbon Capture Usage and Storage Solutions and increased its focus on renewable energies. The company's portfolio exposure to those risks is reviewed annually. To test the resilience of new capital projects, the company assesses potential costs associated with Green House Gas (GHG) emissions and their impact on projects' returns. The development process and internal authorisation procedures of each capital projects features several checks that that may require additional and well detailed GHG and energy management plans to address potential risks of underperformance in relation to possible scenarios of global or regional adoption of regulations introducing mechanisms of carbon cap and trade or carbon pricing.

Critical IT services or digital infrastructure and security systems
Breach of the company's digital security or failure of its digital infrastructure could damage its operations, financial performance and reputation. The company invested in improvements in technologies, migration to the cloud, services and training of staff to mitigate these risks.

Impact of coronavirus (COVID -19)
The company is subject to business interruption and liquidity risks due to the COVID-19 pandemic. All staff have been working from home when required by government guidelines to reduce the spread of the virus. Eni S.p.A. and its subsidiaries continue to assess the potential impact of new variants spreading on the staff and apply the appropriate mitigation plans implemented during 2020 and continuing in 2021. The company has adopted the most stringent standards, in accordance with Eni S.p.A. group requirements, for the evaluation and management of the aforementioned risks in line with the Eni Group's Management System Guidelines. The COVID-19 pandemic did not have any significant impact on the company's operations or financial results.

STRATEGIC REPORT

Section 172(1) UK Companies Act 2006 ("Act") Statement

Directors

As part of their induction a Director of the company is informed of their Directors' Duties with specific reference to section 172(1) (a-f) and if necessary can seek additional support and advice from an independent adviser to ensure that they are aware and know the likely consequences of any decision the company makes in the long term.

Stakeholders

The directors of the company believe it is fundamentally important that the values and principles which guide the company are clearly defined, both internally and externally, in order to ensure that all company activities are implemented in compliance with the relevant laws and in a context of fair competition, honesty, integrity, fairness and good faith which would promote the success of the company for the benefit of its members as a whole having regard the interests of all its stakeholders: shareholders, workforce, suppliers, customers, lenders, government/tax authorities, pension schemes/trustees, community and environment. These values are embedded in the Eni Code of Ethics, approved by the Board of Directors of its ultimate parent company, Eni S.p.A., on 18 March 2020 and by the Directors of the company on 3 June 2020. The Eni Code of Ethics sets out the challenges of sustainable development and the need to take into consideration the interests of all stakeholders to clearly define the values that the company will accept, acknowledge and share as well the responsibilities it assumes, contributing to a better future. The Eni Code of Ethics is brought to the attention of every person or body having business relations with the company.

Employee Interests

The Directors of the company maintain a regulatory system that includes procedures to facilitate the professional development of its staff and the continued growth of the organisation.
Initiatives include:

- a personal development and training procedure which aims to apply valid and reliable controls to ensure that people are competent to discharge their responsibilities safely and effectively;
- a performance management procedure that aims to improve business, safety, environmental, sustainability & human capital performance by planning, allocating and evaluating work carried out by individuals on the basis of personal targets derived from company objectives; and
- participation in the internationalisation programme of the group that aims to provide wider personal experience and employment opportunities through supporting inward and outward work assignments, short term placements and increased dialogue across professional disciplines.

The company is an equal opportunities employer and maintains Company procedures that guarantee all employees with equal access to employment opportunities.

During the year employees are provided with information about the company through various media including meetings, publications, notices, electronic mail and the company intranet. The company has been involved in a wide range of external communication and community relations activities in support of UN Sustainable Development Goals.

The company ensures that its internal regulatory system is aligned with Eni by ensuring that all Management System Guidelines and Annexes are adopted by board resolutions or by adoption letter by the managing Director during the period.

Community and the Environment

Eni's mission, inspired by the UN 2030 Agenda, represents the transformation path taken by the company to play a defining role in the global process towards a low carbon future, promoting access to energy efficiently and sustainably for everyone. This mission confirms Eni's commitment to an energy transition that is also socially fair and organically integrating the 17 sustainable development goals ("SDG") to which Eni intends to contribute, exploiting new business opportunities.

In March 2021, the Board of Directors approved a non-profit budget to invest in local community relations, commercial and institutional communications, initiatives and donations for the employees and subscriptions to associations. In addition to the application of internal company Health, Safety & Environment management systems, the company has been maintaining ISO 14001 and OHSAS 18001 certifications for its business activities.

Section 172(1) UK Companies Act 2006 ("Act") Statement (continued)

Business Conduct

The Directors of the company believe that business has the responsibility to respect and support the fundamental human rights, as expressed in the Universal Declaration for Human Rights and the United Nations Guiding Principles on Business and Human Rights. The company is committed to maintaining and improving its practices to combat slavery and human trafficking violations in its operations and supply chain. These values are embedded in the Eni Modern Slavery Act Statement, approved by the Board of Directors of its ultimate parent company, Eni S.p.A., on 29 April 2021 and by the Directors of the company on 27 May 2021. Moreover, as an indirect subsidiary of Eni S.p.A the Board of Directors have adopted the Eni internal Regulatory System including Management System Guidelines which sets out internal policies to achieve a high standard of business conduct. All Board of Directors decisions are taken with regard to section 172 of the Act.

Shareholders
The Board of Directors consider and only approve items of business that would promote the success of the company and in the best interests of the company, the company's immediate shareholders, the ultimate parent Eni S.p.A and its stakeholders.

On behalf of the Board

Nicolo' Aggogeri
Managing Director
27 July 2022

ENI UK LIMITED

DIRECTORS' REPORT

The directors present their directors' report and audited financial statements for the year ended 31 December 2021.

Directors

The present directors of the company are listed on page 2 and have held office throughout the year and up to the date of signing the financial statements with the following exceptions:

- Ciro Antonio Pagano resigned as Director on 8 April 2021
- Gianluigi Ferrara resigned as Director on 8 April 2021
- Nicolo' Aggogeri was appointed as Director on 8 April 2021
- Philip Duncan Hemmens was appointed as Director on 8 April 2021
- A Mongni resigned as Director on 21 April 2022
- F Castiglioni was appointed as Director on 21 April 2022

Certain directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Future company development

The company will continue its activities in the exploration for, and the production of oil and gas in the UK. New activities related to decarbonisation are in development and will become an important part of the growth of the company in the future. Management anticipates that the operational performance of the company will improve in the coming year.

Dividends

The company paid an interim dividend of £100 million during the year (2020: £nil). No other dividends have been proposed during the year (2020: £nil).

Post balance sheet events

The military action between Russia and Ukraine that developed following the year end, alongside the imposition of international sanctions, have a pervasive economic impact not only on businesses in Russia and Ukraine, but also globally where businesses engage in economic activities that might be affected by the recent developments. The company has no assets, operations or activities in Russia and Ukraine nor is it party to any contracts or transactions involving Russian registered counterparties. Accordingly, the company will not be directly affected by any internationally imposed sanctions covering such assets, operations, activities, contracts or transactions.

A limited release of hydrocarbons (less than 100 barrels) occurred on 14 February 2022 from the pipeline between the Eni-owned Conwy and Douglas Installations, approximately 33 km from the North Wales coast. The pipeline was immediately shutdown, isolated and made safe, whilst an Incident Management Team immediately notified the authorities and mobilised resources to investigate and repair the defect. A through-wall defect at a single location was identified to be the source of the incident, and a permanent repair clamp has since been installed and tested. In conjunction with relevant UK Regulatory agencies, further integrity checks of the pipeline are continuing, to confirm its integrity prior to reintroducing hydrocarbons and to establish the root cause of the occurrence. Providing the integrity checks are acceptable it is expected that production will be reinstated within Q2 2022.

On 15 June 2022 the Board of Directors of Eni UK Limited approved the acquisition of the entire issued share capital (made up of 10,000 ordinary shares of £1 each) of Liverpool Bay CCS Limited from Eni Lasmo plc for a consideration of £10,000. The transaction is expected to complete in the second half of 2022.

Going concern

The directors are satisfied that the company has adequate financial resources, including access to Eni group financial resources, to continue to operate for the foreseeable future being not less than twelve months from the date of signing of these financial statements and meet its obligations as they fall due.

The company's forecasts and projections demonstrate that its assets are expected to generate free cash flow over the 12 months from the date of this report. If there is a lower oil price, that is not offset by operating cost or capital expenditure savings, the cash flow or liquidity shortages will be balanced by the company's participation in the group cash pooling arrangements and the availability of funds and lines of credit to Eni S.p.A.

In addition, the directors expect to continue providing services to other Eni S.p.A Group companies, which generate a separate income stream, not directly dependent on Oil & Gas market pressures.

As a consequence, the directors have a reasonable expectation that the company is well placed to manage its business risks and generate sufficient funds to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

Financial risk management

Financial risks are managed in respect of guidelines issued by the Eni S.p.A. board of directors in its role of directing and setting the risk limits, targeting to align and centrally coordinate Group companies' policies on financial risks ("Guidelines on financial risks management and control"). The "Guidelines" define for each financial risk the key components of the management and control process, such as the aim of the risk management, the valuation methodology, the structure of limits, the relationship model and the hedging and mitigation instruments.

The company is exposed to the following financial risks:

Commodity price risk: The company's performance is affected by fluctuations in oil and gas prices, which are subject to international supply and demand as well as numerous other political factors. The prices the company receives for its production are set centrally by the group's commodity risk assessment team. Eni manages its exposure by managing production in line with price fluctuations in order to achieve stable economic results.

Liquidity risk: The risk that suitable sources of funding for the company's business activities may not be available. The company has access to the Eni group's financial resources in the form of capital contributions from its shareholder and short-term lending facilities from Eni Finance International. The company believes it has sufficient cash to cover expenses.

Foreign currency risk: The company is exposed to foreign exchange fluctuations relating to non-GBP (mainly USD) expenditures and receipts. The company utilises foreign currency derivatives to hedge its short-term exposure to these fluctuations.

The directors do not consider there to be a material exposure to interest rate risk and credit risk.

Details on the use of financial instruments and financial risk management are included in the relevant notes in the financial statements.

Personnel

At the end of 2021, a total of 153 national staff (2020 - 153) and 23 expatriate staff (2020 - 24) making a total of 176 personnel (2020 - 177) were employed on behalf of the company and delocalised departments in the United Kingdom. At the end of 2021, a total of 45 contractors (2020 - 42) were working for the company.

At the end of the year, 2 of the national staff were on maternity leave (2020 - 1).

In addition, 3 national staff (2020 - 2), 3 expatriate staff (2020 - 7) and no direct contractors (2020 - 0) included within the total figures are employed by the company on behalf of other group companies or third parties. At the end of the year, no national staff were on maternity leave (2020 none). All figures reflect actual personnel employed, including those whose are currently employed part-time.

Employee involvement

The company maintains internal policies to facilitate the professional development of its staff and the continued growth of the organisation.

Initiatives include:

- a personal development and training policy which aims to apply valid and reliable controls to ensure that people are competent to discharge their responsibilities safely and effectively;
- a performance management policy that aims to improve business and safety performance by planning, allocating and evaluating work carried out by individuals on the basis of personal targets derived from company objectives; and
- participation in the internationalisation programme of the group that aims to provide wider personal experience and employment opportunities through supporting inward and outward work assignments, short term placements and increased dialogue across professional disciplines.

The company is an equal opportunities employer and strengthens this philosophy by using an objective job evaluation programme.

During the year, the policy of providing employees with information about the company has continued through various media including meetings, publications, notices, electronic mail and the company intranet.

Employee involvement (continued)

The company has been involved in a wide range of external communication and community relations activities. Employees and their families have been encouraged to participate in a number of events and activities supported by the company in the arts, sciences and technology areas and with professional bodies.

Refer to the s172(1) statement in the strategic report for more details on how the directors have had regard to the need to foster the company's business relationships with employees.

Employment of disabled persons

The company is committed to providing equal opportunities to disabled persons. All positions are open to disabled persons and the company's policy is to afford them the same career development opportunities as are available to other employees.

Corporate governance

The directors believe it is fundamentally important that the values and principles which guide the company are clearly defined, both internally and externally, in order to ensure that all company activities are implemented in compliance with the relevant laws and in a context of fair competition, honesty, integrity, fairness and good faith as well as in accordance with the legitimate interests of all the stakeholders with which the company comes into contact on a daily basis: shareholders, employees, suppliers, customers, commercial and financial partners, as well as local communities and institutions. These values are embedded in the Eni Code of Ethics, and have been approved by the Board of Directors of the ultimate parent company, Eni S.p.A., on 18 March 2020 and by the Directors of the company on 03 June 2020. Refer to s 172(1) UK Companies Act 2006 Statement in the Strategic Report for more information on the subject.

Streamlined Energy and Carbon Reporting

Climate change is likely to drive some of the most profound changes to businesses. Impacts on products and services, supply chains, loss of asset values and market dislocations are already being caused by more frequent and severe climate related events. A growing number of scientific projections are detailing the expected potential average increases in global temperatures and economic forecasts are consequently reflecting these impacts.

The UK Government introduced a 'Streamlined Energy and Carbon Reporting (SECR) Framework whereby large unquoted companies are obliged to report their UK energy use and associated greenhouse gas emissions as a minimum relating to gas, electricity and transport fuel, as well as an intensity ratio and information relating to energy efficiency action, through their annual reports.
Consequently, the company reports the following in compliance with the requirements applicable in relation to SECR for 2021 in relation to the activities of the operators of Liverpool Bay and Hewett areas, onshore and offshore activities and the UK offices. These represent the emissions of the Eni UK Limited and its subsidiaries.

Description	Quantity 2021	Quantity 2020	Unit of measure
Emission from combustion of gas (scope 1)	200,199	224,066	tCO2e
Emissions from purchased electricity (Scope 2, location-based)	1,809	1,556	tCO2e
Total gross emissions of CO2e (scope 1 and 2)	202,015	225,622	tCO2e
Energy consumption used to calculate emissions	836,210,970	1,021,112,591	KWh
Intensity ratio: tonnes of CO2e per unit of gross production of LBA and Hewett (oil & gas sector)	68	60	tCO2e/kboe

Streamlined Energy and Carbon Reporting (continued)

The table below represents the emission of Eni UK Limited only, operator of Liverpool Bay area and the London office.

Description	Quantity 2021	Quantity 2020	Unit of measure
Emission from combustion of gas (scope 1)	194,371	216,498	tCO2e
Emissions from purchased electricity (Scope 2, location-based)	1,752	1,486	tCO2e
Total gross emissions of CO2e (scope 1 and 2)	196,123	217,999	tCO2e
Energy consumption used to calculate emissions	804,117,145	979,600,097	KWh
Intensity ratio: tonnes of CO2e per unit of gross production of LBA only (oil & gas sector)	66	66	tCO2e/kboe

The intensity ratio for the Eni House office in tonnes of CO2e per metre square is 0.07. The intensity ratio for the Northop office in tonnes of CO2e per square metre is 0.03.

Energy efficiency actions taken by management

The company is committed to responsible energy management and continues to practice energy efficiency throughout the organisation subject to related cost effectiveness. The company recognises that climate change is a serious environmental challenge currently threatening the global community and understands that it has an active role to play in reducing greenhouse gas emissions.

Methodology used in the calculation of disclosures

The company has used the operational control approach to set the organisational reporting boundary, including emissions from the office based activities at London Eni House and Northop building and emissions from the operation of the facilities onshore and offshore of which Eni UK companies have operational control. That is where Eni UK companies are able to enforce its own policies and procedures, even when it holds less than 100% of the value in a joint venture. The facilities are:

- Liverpool Bay Point of Ayr terminal (onshore)
- Liverpool Bay assets offshore (Irish Sea)
- Hewett complex offshore (Southern North Sea)

Reporting period is from 1st January 2021 to 31st December 2021.

The following methodology has been used in the calculation of above disclosures:

- 2019 UK Government Environmental Reporting guidance including Streamlined Energy and Carbon Reporting guidance
- 2021 UK Government's Conversion Factors for Company Reporting, Emission Factor Database 2021 version and the GWPs used within

Furthermore, the following standards and guidelines have also been used for the calculation of Scope 1 and Scope 2 emissions from the operation of facilities:

- WBCD GHG Reporting Protocol
- IPIECA Oil & Gas Guidelines
- API Compendium

Research and development activities

During the year, the company was engaged in research and development relating to advancing science and technology in oil and gas exploration, petrochemicals and carbon capture. The activities specifically undertaken by Eni UK Limited during the current accounting period focussed on decommissioning, carbon capture and oil and natural gas production.

ENI UK LIMITED

DIRECTORS' REPORT

Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with UK-adopted international accounting standards.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent and;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Provision of information to auditors

The directors, as at the date of this report, have confirmed that insofar as they are aware there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

By order of the Board

[redacted]

R P Waterlow
Secretary

27 July 2022

Independent auditors' report to the members of Eni UK Limited

Report on the audit of the financial statements

Opinion

In our opinion, Eni UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2021; the income statement, the statement of comprehensive income, the cash flow statement and the statement of changes in shareholders' equity for the year then ended; the statement of accounting policies; and the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the annual report and the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to failure to comply with environmental regulations, health and safety regulations and relevant tax regulations in the jurisdictions in which the company operates, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- enquiry of management and the company's in-house legal team, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- enquiry of staff in the company's tax function to identify any instances of non-compliance with laws and regulations;
- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- reviewing minutes of meetings of those charged with governance; and
- auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and testing accounting estimates to address the risk of management bias.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [redacted]. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Kevin McGhee (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
27 July 2022

ENI UK LIMITED

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note(s)	**2021** £'000	2020 £'000
Continuing operations			
Revenue	3	**224,783**	72,913
Other income	7	**62,899**	71,320
Total revenue		**287,682**	144,233
Other service costs and expenses	8	**(118,101)**	(102,024)
Labour costs	6	**(19,507)**	(21,507)
Depreciation, amortisation, impairments	13,14,15	**(83,526)**	(96,481)
Exploration costs written off	4,13	**-**	(2,697)
Carbon capture storage costs written off	4,14	**(7,092)**	-
Operating profit / (loss)	4	**59,456**	(78,476)
Interest receivable and similar income	9	**1,446**	2,978
Interest payable and similar charges	10	**(8,979)**	(10,728)
Impairment of investments in subsidiaries	16	**(13,073)**	(237,615)
Loss on disposal of investments in subsidiaries	16	**(2,817)**	-
Income from subsidiary undertakings	12	**111,271**	110,000
Profit / (loss) before taxation from continuing operations		**147,304**	(213,841)
Income tax (expense)/credit	11	**(14,649)**	33,474
Profit / (loss) for the year from continuing operations		**132,655**	(180,367)

ENI UK LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note(s)	**2021** **£'000**	2020 £'000
Profit /(loss) for the year		**132,655**	(180,367)
Items that may be reclassified to the income statement in subsequent periods			
Revaluation of financial assets at fair value through other comprehensive income		**(1,264)**	(6,025)
Items that will not be reclassified to the income statement in subsequent periods			
Actuarial gain related to the pension scheme	*25*	**10,004**	18,363
Related tax on actuarial (loss)	*11, 21*	**(4,002)**	(7,345)
		4,738	4,993
Total comprehensive income / (expense) for the year		**137,393**	(175,374)

Total comprehensive income for the year is attributable to the equity holders.

ENI UK LIMITED

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Share Capital	Retained Earnings	Total Shareholders' Equity
	£'000	£'000	£'000
Balance at 1 January 2020	250,000	110,425	360,425
Loss for the year	-	(180,367)	(180,367)
Other comprehensive income for the year	-	4,993	4,993
Total comprehensive expense for the year – subtotal	-	*(175,374)*	*(175,374)*
Transactions with owners in their capacity as owners:			
Share capital reduction	(200,000)	200,000	-
Balance at 31 December 2020	**50,000**	**135,051**	**185,051**
Profit for the year	-	132,655	132,655
Other comprehensive income for the year	-	4,738	4,738
Total comprehensive income for the year - subtotal	-	*137,393*	*137,393*
Transactions with owners in their capacity as owners:			
Dividend paid (£2.00 per share)	-	(100,000)	(100,000)
Balance at 31 December 2021	**50,000**	**172,444**	**222,444**

ENI UK LIMITED (Registered Number: 00862823)

BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 £'000	Restated 2020 [1] £'000
Assets			
Non-current assets			
Property, plant and equipment	14	**445,617**	529,851
Right-of-use assets	15	**29,680**	18,903
Intangible assets	13	**15,603**	1,324
Lease receivables	15	**-**	12,137
Investments	16	**-**	13,073
Other investments	16b	**20,030**	11,863
Pension fund surplus	25	**51,363**	40,788
Total non-current assets		**562,293**	627,939
Current assets			
Cash and cash equivalents	*19*	**123,737**	109,839
Trade and other receivables	*18*	**138,709**	81,399
Lease receivables	*15*	**-**	8,238
Inventories	*17*	**30,819**	22,050
Current tax asset		**10,329**	46,286
Total current assets		**303,594**	267,812
Total assets		**865,887**	895,751
Liabilities			
Non-current liabilities			
Lease liabilities	*15*	**19,962**	30,872
Provisions	*22*	**408,823**	493,655
Deferred tax liabilities	*21*	**16,408**	12,242
Total non-current liabilities		**445,193**	536,769
Current liabilities			
Trade and other payables	*20*	**124,719**	105,374
Provisions	*22*	**58,632**	58,110
Lease liabilities	*15*	**14,899**	10,447
Total current liabilities		**198,250**	173,931
Total liabilities		**643,443**	710,700
Shareholders' equity			
Share capital	*23*	**50,000**	50,000
Retained earnings		**172,444**	135,051
Total Shareholders' equity		**222,444**	185,051
Total liabilities and shareholders' equity		**865,887**	895,751

The financial statements from page 21 to 62 were approved by the Board on 11 March 2022 and were signed by an authorised director on behalf of the Board at a later date.

[1] The provisions have been split between current and non current.

On behalf of the Board

Nicolo' Aggogeri
Director
27 July 2022

ENI UK LIMITED

CASH FLOW STATEMENT

	Note(s)	2021 £'000	Restated 2020 [1] £'000
Cash flow from operating activities			
Profit / (loss) for the year		**132,655**	(180,367)
Adjustments for:			
Depreciation, amortisation, impairments	*13,14,15*	**83,526**	96,481
Unwinding of discount on decommissioning provision	*10, 22*	**7,020**	8,218
Exploration costs written off		**-**	2,697
Carbon Capture Storage costs written off	*14*	**7,092**	-
Loss on disposal of investment in subsidiaries	*16*	**2,817**	-
Impairment of investments	*16*	**13,073**	237,616
Movement in credit loss provision		**38**	7
Dividends received from subsidiary undertakings	*12*	**(111,271)**	(110,000)
Finance charge on leases	*9*	**1,925**	2,354
Finance income on leases	*10*	**(453)**	(1,246)
Interest income	*9*	**(432)**	(1,292)
Interest expense	*9,10*	**34**	156
Tax charge /(credit)	*11*	**14,649**	(33,474)
Other income non-cash items		**(3,445)**	(4,519)
Movement in pensions	*25*	**(561)**	(441)
Movement in provisions	*22*	**(153)**	(284)
Decommissioning provision utilisation	*22*	**(84,649)**	(17,449)
Changes in working capital:			
(Increase) / decrease in inventories	*17*	**(2,512)**	26
(Increase) / decrease in trade and other receivables	*18*	**(22,276)**	24,472
Increase / (decrease) in trade and other payables	*20*	**13,168**	(24,586)
Cash flows generated from operating activities		**50,245**	(1,631)
Interest received		**47**	1,023
Interest received for lease receivables		**453**	1,246
Interest and finance charges paid for lease liabilities		**(1,925)**	(2,374)
Interest paid		**-**	(1)
Tax received		**977**	4,306
Net cash generated from operating activities		**49,797**	2,569
Cash flow from investing activities[2]			
Dividends received from subsidiary undertakings	*12*	**111,271**	110,000
Exploration costs additions	*13*	**(8,429)**	(2,221)
Consideration received for acquisition of working interest in oil and gas fields	*2*	**17,099**	37,399
Investment in subsidiaries		**-**	(200,000)
Acquisition of assets and liabilities	*2*	**18,305**	-
Purchase of property, plant and equipment	*14*	**(62,421)**	(53,877)
CCS grant claim received	*14*	**3,145**	-
Other investments	*16*	**(7,850)**	(6,349)
Principal element of lease receipts		**4,309**	6,462
Net cash used in investing activities		**75,429**	(108,586)
Cash flow from financing activities			
Principal element of lease payments		**(11,309)**	(8,561)
Dividend paid to shareholders		**(100,000)**	-
Net cash used in financing activities		**(111,309)**	(8,561)
Net increase / (decrease) in cash and cash equivalents		**13,917**	(114,578)
Cash and cash equivalents at 1 January	*19*	**109,839**	224,427
Effects of exchange rate changes on the balance of cash held in foreign currencies		**(19)**	(10)
Cash and cash equivalents at 31 December	*19*	**123,737**	109,839

[1] The "principal element of lease" have been moved from financing activities to investing and the "decommissioning provision utilisation" have been moved from investing activities to operating activities.
[2] The settlement of lease contracts of £16 million, which is disclosed in note 2, is a non-cash investing activity.

ENI UK LIMITED

STATEMENT OF ACCOUNTING POLICIES

A summary of the principal accounting policies which have been applied throughout the year is set out below.

General Information

The company is a private company, limited by shares, incorporated and domiciled in England, United Kingdom.

The company is the operator of Liverpool Bay and it is also a participant in consortia involved in the exploration and exploitation of oil and gas in the UK Continental Shelf. As a participant, the company receives from the operators, returns of income, expenditure, assets and liabilities of the consortia, the company's shares of which are incorporated into its accounting records. The financial statements reflect the company's share of each activity as a participant in consortia (note 16c).

Basis of preparation

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. Eni UK Limited transitioned to UK-adopted International Accounting Standards in its company financial statements on 1 January 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework.

The financial statements have been prepared under the historical cost convention, except for financial assets and financial liabilities that have been measured at fair value through profit or loss and other investments that have been measured at fair value through other comprehensive income (OCI).

Correction of prior year errors
In producing the 2021 financial statements it was identified that £58.1m of decommissioning provision was incorrectly classified as a non-current liability in the 2020 balance sheet and should have been classified as a current liability. As the error is quantitatively material, the 2020 balance sheet in these financial statements has been restated to correct the error. There is no impact on net assets as at 31 December 2020 or 1 January 2020 and no impact on profit or loss or cash flows for any period. Note 22 'Provisions' has also been restated to reflect the corrected classification.

An amount of £47.9m was also incorrectly classified as a non-current liability in the 2019 balance sheet and should have been classified as a current liability. The directors have assessed that although the error is quantitatively material, it is not qualitatively material as it relates to the non-current/current classification of a liability from two years prior which has been superseded by more relevant information in the 2020 and 2021 balance sheets. They have therefore not presented a third balance sheet in accordance with the requirements of IAS 8.

Separately, it was identified that two amounts in the 2020 cash flow statements were misclassified and therefore the comparative cash flow statement has been restated to conform with the presentation in 2021. The impact of these corrections was to i) reclassify £17.4m of decommissioning provision utilisation from investing activities to operating activities; and ii) reclassify £6.5m of principal element of lease receipts from financing activities to investing activities. There was no impact on the net change in cash and cash equivalents in the period.

Going concern
The financial statements have been prepared on a going concern basis. The net asset position in 2021 was £222.4 million (2020: £185 million). The cash and cash equivalents balance in 2021 was £124 million (2020: £110 million). The directors are satisfied that the company has adequate internal resources to continue to operate for the foreseeable future being not less than twelve months from the date of signing of these financial statements. The company's forecasts and projections show that the company has sufficient financial resources and has assets that are expected to generate free cash flow to the company.

The accounting policies have been applied consistently, other than where new policies have been adopted.

New and amended standards adopted
The company has applied the following standards and amendments for the first time for the annual reporting commencing on 1 January 2021:

- Interest rate benchmark reform – amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendment listed above did not have any impact on the amounts recognised in prior periods and have no material impact on the entity in the current and future periods and on foreseeable future transactions.

STATEMENT OF ACCOUNTING POLICIES

Basis of preparation (continued)
New and amended standards adopted (continued)

Following the financial crisis, the reform and replacement of benchmark interest rates such as GBP LIBOR and other interbank offered rates ('IBORs') has become a priority for global regulators. The replacement rate of SONIA will be utilised going forward on GBP balances. Transition from LIBOR to alternative loan/deposit interest rate reference benchmark does not have a material impact on the activities of the entity. No complex financial instruments are held which would be impacted by this transition.

New standards and interpretations not yet adopted
Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the company. These standards do not have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Consolidation
Consolidated financial statements have not been prepared for the company as it is a wholly owned subsidiary of Eni S.p.A., a company incorporated in Italy, which will prepare consolidated financial statements as stated in Note 1. The company has taken advantage of the exemption available under International Financial Reporting Standards to present separate financial statements in accordance with paragraph 10 IAS 27 (R). In addition, under section 401 of the Companies Act 2006 the company is exempt from the general requirement to prepare consolidated financial statements.

Property, plant and equipment
Property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably.

Property, plant and equipment includes oil and gas properties representing the company's share of expenditure in respect of exploration, appraisal and development costs of fields where a decision to exploit their reserves has been made, field development programme approval has been granted and capital expenditure incurred when the fields are in production. Interest costs incurred during the development stage of fields are capitalised from the date at which field development programme approval is granted until production commences. Proven mineral interests are depreciated using the unit of production method on a quarterly basis, using proved developed and undeveloped oil and gas reserves for each field in production as at the end of each quarter. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. When there is a change in the estimated total recoverable proved developed reserves of a field, the undepreciated cost is written off over the revised remaining reserves.

Carbon capture storage costs represents front end engineering design and feasibility studies on development plans for carbon capture storage projects. These costs will start to be depreciated upon commissioning of the projects.

Proven mineral interests are depreciated using the unit of production method based on proved and probable oil and gas reserves for each field in production at the balance sheet date. When there is a change in the estimated total recoverable proved developed reserves of a field, the undepreciated cost is written off over the revised remaining reserves.

Office furniture, and office equipment and computer software are depreciated on a straight-line basis over the estimated useful lives of the assets as follows:

Office fixtures and fittings	up to five years
Office equipment (including computer systems and software)	up to three years

Grant claims
Government grants related to assets are recognised by deducting them in calculating the carrying amount of the related assets when there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Amounts recognised are used to reduce the carrying value of the property, plant and equipment and are recognised in profit or loss over the useful life of the asset as a depreciation charge.

STATEMENT OF ACCOUNTING POLICIES

Intangible assets

(i) Exploration and appraisal costs

Exploration costs represent the company's share of expenditure by consortia and as operator on the exploration for oil and natural gas up to the date of any decision to exploit various finds. Where no decision has been made by the balance sheet date to exploit a find, the costs are accounted for in accordance with the successful efforts method. The cost of drilling exploratory wells is carried forward as an intangible asset if in the opinion of the directors there is a reasonable prospect of development of the related fields commencing within three years of commencement of drilling. Costs of exploratory dry holes are written off at the time that the wells are determined to be dry and all licence fees, geological and geophysical expenses are written off as incurred. Where a decision has been made to exploit a find, the exploration costs are carried forward. In the period after a decision has been made to exploit a find but before field development programme approval has been granted, any pre-development costs that are incurred are also capitalised and carried forward. When field development programme approval is granted, the exploration and pre-development costs of that field are first assessed for impairment and (if required) any impairment loss is recognised, then the remaining balance is reclassified as property, plant and equipment. Exploration wells that are being drilled at the yearend are included in intangible assets as exploration and appraisal costs until the results of the drilling are determined.

Exploration and appraisal costs that are written off during the year are presented in the income statement in exploration costs written off.

Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the company under residual value guarantees
- the exercise price of a purchase option if the company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the company, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Leases (continued)
Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.
Lease payments to be made under reasonably certain extension options are included in the measurement of the liability.
Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment, vehicles and small items of office furniture.

Investments
Investments, including investments in subsidiaries, are shown at cost less any provision for impairment.

Other investments are accounted for as equity investment to be measured at fair value through other comprehensive income.

Pooling of interest method
Business combinations between common control entities are accounted for using the pooling of interest method. The method adopted results in the transferring of assets and liabilities between common control entities at net book value.

Interests in joint arrangements
IFRS 11 defines a joint arrangement as an arrangement over which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require unanimous consent of the parties sharing control.

IFRS 11 classifies joint arrangements into two types i.e. joint operations and joint ventures. A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The company participates in several joint operations which involve the joint control of assets used in the company's oil and gas exploration and producing activities. Interests in joint operations are recognised by including the company's share of assets, liabilities, income and expenses on a line-by-line basis. Liabilities and expenses incurred directly in respect of interests in joint operations are accounted for on an accrual basis. Income from the sale or use of the company's share of the output of joint operations, and its share of joint operation expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the company and their amount can be measured reliably.

Reimbursement of costs of the operator of the joint arrangement
When the company, acting as an operator or manager of a joint arrangement, receives reimbursement of direct costs recharged to the joint arrangement, such recharges represent reimbursements of costs that the operator incurred as an agent for the joint arrangement and therefore have no effect on profit or loss.

When the company charges a management fee (based on a fixed percentage of total costs incurred for the year) to cover other general costs incurred in carrying out the activities on behalf of the joint arrangement, it is not acting as an agent. Therefore, the general overhead expenses and the management fee are recognised in the income statement as an expense and income, respectively.

Impairment of non-financial assets
At the end of each reporting period, the company reviews the carrying amounts of its property, plant and equipment, intangible assets and those investments measured at cost, to determine whether there is any indication that those assets have suffered an impairment loss. This is generally the result of significant changes to the environment in which the assets are operated or when assets performance is worse than expected. The main impairment indicators used by the company are described below:

- External sources of information such as changes in significant decrease in energy prices, significant changes in the economic, technological, political or market environment in which the company and its assets operate
- Internal sources of information such as evidence of obsolescence or physical damage, significantly worse than expected production or cost performance, reduction in reserves and resources, including as a result of unsuccessful results of drilling operations.

Impairment of non-financial assets (continued)
If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, future net cash flows for each field are calculated by utilising the company's estimate of proved and probable reserves at year end, together with the company's estimates of future oil prices, future capital and operating costs and future decommissioning costs, required for recovering these remaining proved reserves. These estimated future cash flows are then discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Management has assessed its CGUs as being an individual field, which is the lowest level for which cash inflows are largely independent of those of other assets.

At the end of each reporting period, an assessment is made to determine whether there is any indication that an impairment loss recognised in prior periods may no longer exist or has decreased. Where such an indication exists, an impairment loss is reversed to the extent that the asset's carrying value does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Inventories
Inventories are measured at the lower of purchase or production cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale, or, with reference to inventories of crude oil and petroleum products already included in binding sale contracts, the contractual selling price. Materials and other supplies held for use in production are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. This represents the company's share of inventories belonging to the consortia of which it is a member. Cost is determined by the weighted average method and comprises direct purchase costs, cost of production, transportation and manufacturing expenses.

The cost of inventories of hydrocarbons (crude oil, condensates and natural gas) and petroleum products is determined by applying the weighted average cost method on a three-month basis, or on a different time period (e.g. monthly), when it is justified by the use and the turnover of inventories of crude oil and petroleum products.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand, the company's current bank accounts and short-term deposits originally due, generally, within 90 days, readily convertible to known amount of cash and subject to an insignificant risk of changes in value.

Cash deposited in some bank accounts held with Banque Eni SA (BESA)[1] may be subject to cash pooling arrangements with the ultimate parent company Eni S.p.A.[2]. The company has the full availability of these bank accounts without any restrictions; neither BESA nor the ultimate parent company can block withdrawals. Cash pooling accounts are balanced on a daily basis and the true intent of these accounts is to ensure settlements of payments to vendors and/or cash collections from customers.

Deposits held with Eni Finance International S.A. (EFI)[3] are classified as cash equivalents considering that: (i) they are highly liquid, available on demand or in the short term and have terms that are similar to those which would be expected if the deposits had been made with an independent third party financial institution; (ii) EFI maintains sufficient cash and liquid resources, along with access to credit lines, to meet all intercompany obligations simultaneously. The company has full availability of the deposits held with EFI (i.e. no restriction to modify maturity date); if the company needs to terminate a deposit earlier, there is no penalty on the change of period requested.

Pensions
The company operates the Eni Group Personal Pension Plan (defined contribution pension arrangement) for all employees effective from 1 January 2016. The total costs of defined contribution pension arrangements are expensed as employment costs. The company has no further payment obligations once the contributions have been paid.

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1 BESA is a Belgian regulated bank subject to the banking regulatory requirements.

2 Although Eni S.p.A. is not a financial institution, it performs its financial activities in a strong control environment, within specific Board approved limits.

3 EFI is the company responsible for the centralised funding of some foreign Eni Group companies and for collecting their financial surpluses.

Pensions (continued)
On 25 September 2015 the company announced the decision to close the Eni UK Limited Retirement Benefits Scheme (defined benefit scheme) to future accruals for both existing employees and new members effective from 31 December 2015. The company's defined benefit scheme is accounted for under IAS 19 (Revised 2011) 'Employee Benefits'. The asset recognised in respect of the defined benefit scheme represents the fair value of the scheme's assets less the present value of defined benefit obligations.

Remeasurement, comprising actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized immediately in the balance sheet with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement is recognised in other comprehensive income (OCI) and is reflected immediately in retained earnings and will not be reclassified to the income statement in subsequent periods. Net interest is calculated by applying the discount rate to the net defined benefit asset or liability.

Defined benefits costs are categorised as follows:

- Net interest expense or income
- Remeasurement

Net interest expense or income i.e. the expected return on the scheme assets and the increase during the period in the present value of the scheme's liabilities arising from the passage of time, is included in finance expense or income. The defined benefit scheme's surplus, to the extent that it's considered recoverable, or deficit is recognised in full and presented on the face of the balance sheet.

The assets of this scheme are held in separate trustee administered funds. Pension scheme assets and liabilities are measured annually by an independent actuary.

Foreign currencies
The company's functional and presentation currency is Pounds Sterling (£). All financial information has been rounded to the nearest thousand (£'000), unless otherwise indicated. Transactions denominated in a foreign currency are converted to Pounds Sterling at rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies have been translated at the rates ruling at the balance sheet date. The resulting exchange gains or losses are recognised in the income statement in interest payable and similar charges and in interest receivable and similar income.

Taxation
The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities.

Petroleum revenue tax
Petroleum revenue tax payable is provided on the taxable profits of fields subject to petroleum revenue tax at a rate of 0%. Provision for deferred petroleum revenue tax is made using the liability method. As petroleum revenue tax is largely specific to individual fields and field lives are finite, provision is made in full for those fields expected to pay significant tax. Provision is made for temporary timing differences in respect of capital and revenue expenditure and the decommissioning and restoration provision.

STATEMENT OF ACCOUNTING POLICIES

Revenue from contracts with customers
The company is principally engaged in oil and gas exploration and production. Revenue from contracts with customers is recognised when or as the companies satisfies a performance obligation by transferring control of a promised good or service to the customer. The company has concluded that it is the principal in its revenue contracts because it typically controls the products before transferring them to the customer. The transfer of control generally coincides with title passing to the customer and products having reached the processing terminal or when the products are lifted.

The company principally satisfies its performance obligations at a point in time. When, or as, a performance obligation is satisfied, the company recognises as revenue the amount of the transaction price that is allocated to that performance obligation. The transaction price is the amount of consideration to which the company expects to be entitled in exchange for those products. Contracts from the sale of commodities are typically priced by reference to quoted prices.

Other income represents revenue from services provided to other group and affiliated companies in relation to the management of their producing and exploration activities. Other income is recognised in the year in which the services are rendered. The transfer of control is considered to happen over time as the services are rendered to the customer. The transaction price is allocated to the performance obligation over time consistent with the delivery of the services. Customers are invoiced on a monthly or quarterly basis and consideration is payable within 30 days.
A receivable is recognised when the services are rendered, since this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.
The company does not have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the company has applied the practical expedient in IFRS 15 Revenue from Contracts with Customers paragraph 63 to not adjust any of the transaction prices for the time value of money.

Interest income
Interest income is recognised on a time proportion basis.

Dividend income
Dividend income is recognised when the right to receive payment is established.

Over/underlift balances
Lifting or off take arrangements for oil and gas produced in certain of the company's oil and gas properties are such that each participant may not receive and sell its precise share of the overall production in each period. The resulting imbalance between cumulative entitlement and cumulative volume sold less stock is 'underlift' or 'overlift'.

The company applies the sales method for the measurement and presentation of the over/underlift balances with underlift valued at cost and overlift valued at market price. The movements of the year are presented within the Other service costs and expenses.

Dividend payments
Dividends are recognised at the date of the General Shareholders' Meeting in which they were approved, or in the case of an interim dividend declared by the Board when it is paid.

Provisions
Provisions are recognised when: (i) there is a present obligation (legal or constructive), as a result of a past event; (ii) it is probable that the settlement of that obligation will result in an outflow of resources embodying economic benefits; and (iii) the amount of the obligation can be reliably estimated.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date or to transfer it to third parties at that time.

Decommissioning provision
The estimated cost of dismantling the production and related facilities and site restoration at the end of the economic life of each field is recognised in full as a decommissioning provision when the asset is installed or the ground/environment is disturbed at the field location. The amount recognised is the present value of the estimated future restoration cost, and an offsetting entry to property, plant and equipment is also recognised. The increase in the provision with the passage of time (unwinding of discount) is recognised as interest expense.

The asset is depreciated on a unit of production basis. Changes to the present value of the estimated future decommissioning cost are accounted for as adjustments to the provision and property, plant and equipment.

STATEMENT OF ACCOUNTING POLICIES

Financial instruments
Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

Financial assets
The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the company has applied the practical expedient, the company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the company has applied the practical expedient are measured at the transaction price determined under IFRS 15 *Revenue from contracts with customers*.

The company classifies its financial assets in the following categories: Financial assets designated at fair value through OCI (equity instruments) and financial assets at amortised cost (debt instruments). The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial instruments (continued)
Financial assets at amortised cost (debt instruments)
Financial assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The company's financial assets at amortised cost include trade and other receivables.

Financial assets at fair value through other comprehensive income
Other equity investments (OGCI) are valued at fair value thought other comprehensive income.
Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses).

Impairment of financial assets
The company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL), or where financial assets are considered to have low credit risk. Management consider 'low credit risk' to be when they have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).
In order to determine whether there has been a significant increase in credit risk, an entity compares the risk of a default occurring over the expected life of the financial instrument as at the reporting date with the risk of default as at the date of initial recognition.

For trade receivables and contract assets, the company applies a simplified approach in calculating ECLs. Therefore, the company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the company may also consider a financial asset to be in default when internal or external information indicates that the company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial instruments (continued)
Financial liabilities
Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading, loans and borrowings, and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial recognition date and only if the conditions in IFRS 9 Financial Instruments are satisfied.

Financial liabilities at amortised cost
Financial liabilities at amortised cost are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method and are subject to impairment.

Other financial liabilities are measured at amortised cost and classified in the balance sheet as trade and other payables.

Fair value measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the company determines whether transfers have occurred between Levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Use of accounting estimates, judgements and assumptions
The company's financial statements are prepared in accordance with IFRS. This requires the use of estimates and assumptions that affect the assets, liabilities, revenues and expenses reported in the financial statements, as well

as amounts included in the notes thereto, including discussion and disclosure of contingent liabilities. Estimates made are based on complex or subjective judgements, past experience and other assumptions deemed reasonable in consideration of the information available at the time. The accounting policies and areas that require the most significant judgements and estimates to be used in the preparation of the financial statements are in relation to the accounting for oil and natural gas activities, specifically in the determination of proved and proved developed reserves, impairment of property, plant and equipment, intangible assets and those investments measured at cost, decommissioning provisions, pensions and other post-retirement benefits, recovery of deferred tax assets and contingencies. Although the company uses its best estimates and judgements, actual results could differ from the estimates and assumptions used.

A summary of significant estimates is as follows:

a) Oil and gas activities

Engineering estimates of the company's oil and gas reserves are inherently uncertain. Although there are authoritative guidelines regarding the engineering criteria that must be met before estimated oil and gas reserves can be designated as "proved", the accuracy of any reserve estimate is a function of the quality of available data and engineering and geological interpretation and judgement.

Oil and gas reserves have a direct impact on certain amounts reported in the financial statements.

Estimated proved reserves are used in determining depreciation and depletion expenses and estimated proved and probable reserves are used in determining the carrying value of the company's oil and gas assets and the timing of decommissioning cessation of production. The carrying value of the company's oil and gas assets and timing of decommissioning cessation of production were estimated using proved and risked probable reserves. Depreciation rates on oil and gas assets using the units of production basis are determined from the ratio between the amount of hydrocarbons extracted in the quarter and proved developed reserves existing at the end of the quarter increased by the amounts extracted during the quarter.

The useful economic lives and residual values are re-assessed annually. Estimates of oil and gas reserves are also used within impairment testing and timing of the decommissioning.

Proved and probable oil and gas reserves are the estimated quantities of crude oil, natural gas and natural gas liquids, which geological and engineering data demonstrate to be recoverable in future years from known reservoirs under existing economic and operating conditions, that is, prices and costs as at the date that the estimate is made.

b) Impairment of non-financial assets

The company assesses its property, plant and equipment, intangible assets and those investments measured at cost, for possible impairment if there are events or changes in circumstances that indicate the carrying values of the assets are not recoverable. Such indicators include changes in the company's business plans, changes in commodity prices leading to unprofitable performance and, for oil and gas properties, significant downward revisions of estimated proved reserve quantities.

Determination as to whether and how much an asset is impaired involves management estimates on highly uncertain matters such as future commodity prices, the effects of inflation and technology improvements on operating expenses, production profiles and the outlook for global or regional market supply and demand conditions for crude oil, natural gas, commodity chemicals and refined products, and the discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

c) Decommissioning provisions

Obligations to remove property, plant and equipment and restore land or seabed require significant estimates in calculating the amount of the obligation and determining the amount required to be recorded at present value in

the financial statements. Estimating future decommissioning obligations is complex. It requires management to make estimates and judgements with respect to decommissioning obligations that will come to term many years into the future and contracts and regulations are often unclear as to what constitutes removal.

In addition, the ultimate financial impact of environmental laws and regulations is not always clearly known as decommissioning technologies and costs constantly evolve, as well as political, environmental, safety and public expectations.

The subjectivity of these estimates is also increased by the accounting method used that requires entities to record the value of a liability for decommissioning obligations in the period when it is incurred (typically, at the time, the asset is installed at the production location).

d) Employee benefits

Defined benefit plans and other long-term benefits are evaluated with reference to uncertain events and based upon actuarial assumptions including among others discount rates, expected rates of return on plan assets, expected rates of salary increases, estimated retirement dates and mortality rates.

e) Fair value on investments through other comprehensive income

Fair value measurement, although based on the best available information and on the use of appropriate valuation techniques, is inherently uncertain, require the use of estimates and could result in expected values other than the actual ones.

A summary of significant judgements is as follows:

a) Impairment of non-financial assets

The company assesses its property, plant and equipment, intangible assets and those investments measured at cost, for possible impairment if there are events or changes in circumstances that indicate the carrying values of the assets are not recoverable. Such indicators include changes in the company's business plans, changes in commodity prices leading to unprofitable performance and, for oil and gas properties, significant downward revisions of estimated proved reserve quantities.

Determination as to whether and how much an asset is impaired involves management estimates on highly uncertain matters such as future commodity prices, the effects of inflation and technology improvements on operating expenses, production profiles and the outlook for global or regional market supply and demand conditions for crude oil, natural gas, commodity chemicals and refined products, and the discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

b) Asset acquisition and business combination

Judgement is required to determine which arrangements are considered to be an asset and liabilities acquisition as opposed to a business combination. The assessment of the existence of control, joint control, operations, the assessment of enforceable rights to the investee's assets and enforceable obligations for the investee's liabilities imply that the management makes complex judgements on the basis of characteristics of the investee's structure, arrangements between parties and other relevant facts and circumstances. The Conwy acquisition was accounted as an asset acquisition, as no operational processes and no strategic management personnel were transferred with the activity.

c) Leases

With reference to lease contracts, management makes significant judgements related to: (i) determining the lease term, making assumptions about the exercise of extension and / or termination options; (ii) determining the lessee's incremental borrowing: (iii) identifying and, where appropriate, separating non-lease components from lease components, where an observable stand-alone price is not readily available, taking into account also the analysis performed with external experts; (iv) recognising lease contracts, for which the underlying assets are used in oil and gas activities (mainly drilling rigs and FPSOs), entered into as operator within the unincorporated joint operation, considering if the operator has primary responsibility for the liability towards third-party supplier and the relationship with the followers; (v) identifying the variable lease payments and the related characteristics in order to include them in the measurement of the lease liability.

Use of accounting estimates, judgements and assumptions (continued)

d) Recoverability of deferred tax assets

Judgement is required to determine which arrangements are considered to be a tax on income as opposed to an operating cost. Judgement is also required to determine whether deferred tax assets are recognised in the balance sheet. Deferred tax assets, including those arising from unutilised tax losses, require management to assess the likelihood that the company will generate sufficient taxable earnings in future periods, in order to utilise recognised deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows.

These estimates of future taxable income are based on forecast cash flows from operations (which are impacted by production and sales volumes, oil and natural gas prices, reserves, operating costs, decommissioning costs, capital expenditure, dividends and other capital management transactions) and judgement about the application of existing tax laws in each jurisdiction, as well as the availability of future profits against which tax deductions represented by the deferred tax assets can be offset. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the reporting date could be impacted. In addition, future changes in tax laws in the jurisdictions in which the company operates could limit the ability of the company to obtain tax deductions in future periods. Estimating deferred tax assets therefore requires significant judgement.

e) Government grants

The timing of grant recognition requires to apply judgements in assessing that the company has reasonable assurance that it will comply with the conditions attaching to them and the grants will be received.

ENI UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 Parent undertakings

The company's immediate parent undertaking is Eni International B.V., a company incorporated in The Netherlands.

The company's ultimate parent undertaking, Eni S.p.A., a company incorporated in Italy with registered office at Piazzale Enrico Mattei, 1 00144 Rome, will produce consolidated financial statements for the year ended 31 December 2021 which will be available from its website [redacted] or on request to Eni S.p.A., Via Emilia 1, 20097 San Donato Milanese (MI), Italy.

The parent company of the largest and smallest group into which the company is consolidated in Eni S.p.A.

2 Asset transfer and asset acquisition

On 22 October 2020, the board of directors approved the transfer of the asset and liabilities relating to the 51.68694% interest in the Hewett Area fields to Eni UK Limited. The transfer completed on 3 November 2020 for a negative consideration paid by Eni Hewett Limited of £24,285,000 representing the net book value of the assets and liabilities transferred.

The net book value of the acquiree's identifiable assets and liabilities at the date of the transfer in 2020 were as follow:

Transfer of assets and liabilities from Eni Hewett Limited	**Net book value**
	£'000
Current assets	
Trade and other receivables	10,389
	10,389
Non-current assets	
Property plant and equipment	3,608
Deferred tax asset	30,330
Corporate/PRT tax receivables	19,802
	53,740
Total assets	64,129
Current liabilities	
Trade and other payables	15,774
	15,774
Non-current liabilities	
Provision	72,640
	72,640
Total liabilities	88,414
Total identifiable liabilities at net book value	24,285
Total consideration received	24,285

On 2 July 2021 the transfer of operatorship of the Hewett Area from Eni Hewett Limited to the company was completed. The remaining activities were then transferred to Eni UK Limited.

The net book value of the acquiree's identifiable assets and liabilities at the date of the transfer in 2021 were as follow:

Operatorship transfer from Eni Hewett Limited	**2 July 2021**
	£'000
Right of use assets	20,101
Other receivables	815
Lease payable - current	(1,365)
Lease payable – non-current	(4,955)
Settlement of lease receivable	(16,065)
Total net book value	**(1,469)**

The company recognised a lease receivable for the sub-lease arrangement to Eni Hewett Limited identical to the lease payable to the third-party supplier. The lease receivable was relinquished as part of the transfer.

2 Asset transfer and asset acquisition (continued)

On 28 April 2021, the board of directors approved the transfer of 8.9% interest in Liverpool Bay from its subsidiary, Eni AEP Limited. The transfer completed on 28 April 2021 for a negative consideration of £17,098,659 representing the net book value of the assets and liabilities transferred paid by Eni AEP Limited to Eni UK Limited.

The net book value of the acquiree's identifiable assets and liabilities at the date of the transfer were as follow:

Transfer from Eni AEP Limited	**28 April 2021**
	£'000
Property, plant and equipment	4,984
Inventories	1,568
Trade and other receivables	618
Deferred tax asset	14,802
Current tax asset	994
Trade and other payables	(2,842)
Deferred tax liability	(1,848)
Provisions	(35,207)
Consideration received	(16,931)

On 1 July 2021, the company completed the acquisition of 100% working interest and operatorship of the Conwy oil field from its previous owner, Tailwind Mistral Limited for a negative consideration of £18.5 million. The Conwy oil field is tied back to the Douglas platform by pipeline. The Douglas platform is part of the Liverpool Bay Area operated by the company. As part of the acquisition, ENI UK acquired £20.5 million of decommissioning provision.

	01 July 2021
	£'000
Oil inventory	4,188
Stock – investment	500
Other receivables	190
Accruals	(2,850)
Other Liabilities	(118)
	1,910
	20,500
Consideration	**18,590**

3 Revenue

	2021	2020
Revenue by product	**£'000**	£'000
Oil	**102,656**	33,578
Gas	**106,158**	29,077
Other products	**15,969**	10,258
	224,783	72,913

	2021	2020
	£'000	£'000
Revenue by counterparty		
Affiliate companies		
Eni Trading & Shipping S.p.A.	**-**	67,882
Eni Trade & Biofuel S.p.A	**97,032**	-
Eni Global Energy Markets S.p.A.	**106,158**	-
Eni Hewett Limited	**-**	3
Eni ULX	**9,799**	
Third parties	**11,794**	5,028
	224,783	72,913

The operations of the company constitute one class of business, the exploration for and production of hydrocarbon liquids and gas. All activities of the company are undertaken in the United Kingdom (UK).

4 Operating profit / (loss)

Operating profit / (loss) is stated after charging the following amounts:

	2021	2020
	£'000	£'000
Auditors' remuneration		
-Audit of the company's financial statements	**404**	268
-Audit of the company's subsidiaries and affiliates	**53**	79
Exploration costs written off (note 13)	**-**	2,697
Carbon Capture Storage costs written off (note 14)	**7,092**	-
Depreciation (note 14)	**74,197**	93,805
Depreciation of right-of-use assets (note 15)	**9,324**	2,668
Movement of overlift / underlift balances (note 8)	**(5,786)**	(4,651)

Non-audit fee amounted to £3,661 (2020: £nil).

5 Directors' remuneration

The directors' remuneration was as follows:

	2021	2020
	£'000	£'000
Aggregate Emoluments	**2,288**	2,241

No directors (2020 - none) had benefits accruing under the defined benefit pension scheme.

The directors' stock options are reported in the financial statements of Eni S.p.A.

The key management personnel of the company comprise the Chairman, Vice Chairman and all the Executive directors. The compensation of key management personnel is set out above. There are no personnel, other than the directors, who have the authority and responsibility for planning, directing and controlling the activities, directly or indirectly, of the company. The directors do not believe that any other employees meet the definition of key management personnel under *IAS 24 'Related party disclosures'*.

The total remuneration covers remuneration in respect of services provided to other companies. A fair allocation to Eni UK Limited is:

	2021	2020
	£'000	£'000
Aggregate emoluments	**884**	961

A fair allocation of the highest paid director to Eni UK Limited would be £343,744 (2020: £324,683). The directors did not receive any other benefits.

6 Labour costs

	2021	2020
	£'000	£'000
Wages and salaries	**12,199**	14,276
Social security costs	**1,243**	1,479
Other pension costs	**887**	1,038
Deferred bonus scheme	**53**	231
Other staff costs	**5,125**	4,483
	19,507	21,507

The average annual number, calculated on monthly average, of persons employed by the company during the year, excluding contracted staff and those employed on behalf of other group companies and third parties, was: 167 (2020 - 174) of which management 31 (2020 - 29), administration 86 (2020 - 89) and operations 50 (2020 - 56). Of the total staff costs £4.0 million (2020 - £3.8 million) has been recharged to group companies or third parties in other income. Other staff costs include mainly benefits for the expatriates.

7 Other income

	2021	2020
	£'000	£'000
Sale of services - including transportation services		
Parent company		
Eni S.p.A. – Corporate	**2,276**	2,910
Eni S.p.A. – Exploration & Production	**2,251**	3,730
Subsidiary companies		
Eni AEP Limited	**117**	148
Eni Elgin / Franklin Limited	**4,659**	6,778
Eni Hewett Limited	**33,025**	34,735
Eni LNS Limited	**24**	104
Eni UKCS Limited	**182**	189
Affiliate companies		
Eni Australia Limited	**140**	135
Eni JPDA 03-13 Limited	**140**	135
Eni ULX Limited	**815**	513
Eni UK Holding plc	**227**	194
Eni Pakistan Limited	**133**	137
ENI Cyprus Limited	**36**	23
Eni Oil Algeria Limited	**87**	64
Eni Angola Production BV	**-**	84
Eni BTC Limited	**137**	128
Eni Ireland B.V.	**424**	350
Eni International N.A. N.V. S.a.r.l.	**241**	230
Eni International Resources Limited	**1,970**	2,336
Eni Denmark B.V.	**119**	134
Eni Investments plc	**110**	200
Eni Lasmo plc	**627**	534
Eni Trading & Shipping S.p.A.	**-**	3,230
Eni Trade & Biofuels S.p.A.	**1,466**	-
Eni Global Energy Markets S.p.A.	**509**	-
Eni North Africa B.V.	**2,500**	1,418
Eni UHL Limited	**2**	4
Eni ULT Limited	**2**	3
Virginia Indonesia Co CBM Limited (50%)	**55**	50
VIC CBM Limited (50%)	**52**	49
Eni CBM Limited	**62**	55
Eni Mozambique Engineering Limited	**1,179**	639
Eni Côte d'Ivoire Limited	**551**	85
Eni India Limited	**192**	160
Eni Abu Dhabi Limited	**66**	-
Burren Energy plc	**280**	283
Eni Progetti S.p.A.	**518**	1,278
Eni Montenegro BV	**1**	40
Eni Next LLC	**154**	434
Solenova Limited	**127**	-
Versalis UK Ltd	**37**	-
Eni North Sea Wind Limited	**108**	-
Third parties	**3,853**	5,282
R&D claims from third party	**3,445**	4,519
	62,899	71,320

Other income relates to sale of services including procurement service, legal, HR, finance services and transportation and accommodation.

The R&D claim is related to the cost of items that are directly employed and consumed in qualifying R&D projects. The amount was £3.4 million in 2021 (2020: £4.5 million).

8 Other service costs and expenses

	2021	2020
	£'000	£'000
Parent company		
Eni S.p.A. – Exploration & Production	**2,717**	2,052
Eni S.p.A - Corporate	**(27)**	-
Subsidiary company		
Eni Hewett Limited	**30,825**	26,155
Eni AEP Limited	**2,675**	-
Affiliate companies		
Eni ULX Limited	**8,305**	-
Eni Insurance Designated Activity Co	**815**	1,485
Eni Trading & Shipping S.p.A.	**(179)**	3,236
Eni Trade & Biofuel S.p.A.	**4**	-
Eni Global Energy Markets S.p.A.	**911**	-
Eni International Resources Limited	**23**	52
Eni Investment Plc	**896**	896
Var Energi AS	**56**	45
Eni Abu Dhabi Limited	**-**	88
Eni Progetti S.p.A.	**41**	-
Third parties	**71,039**	68,015
	118,101	102,024

The third party costs mainly represent the company's share of operating expenditure in its oil and gas operations.

The intercompany costs mainly includes share of decommissioning expenditure in its oil and gas operations.

9 Interest receivable and similar income

	2021	2020
	£'000	£'000
Bank interest		
Affiliate company		
Eni Finance International S.A.	**47**	510
Interest income on tax credit - third parties	**70**	458
Finance income for lease receivables (note 15)		
Subsidiary company		
Eni Hewett Limited	**453**	1,246
Net interest on pension schemes (note 25)	**571**	440
Foreign exchange net gain	**304**	324
	1,445	2,978

10 Interest payable and similar charges

	2021	2020
	£'000	£'000
Interest payable		
Affiliate companies		
Banque Eni S.A.	**-**	1
Third parties	**34**	155
Finance charges payable for lease liabilities (note 15)	**1,925**	2,354
Unwinding of discount on decommissioning provision (note 22)	**7,020**	8,218
	8,979	10,728

11 Taxation

The tax (credit)/charge for the year comprises:

Income statement

	2021	2020
UK corporation tax	**£'000**	£'000
Current tax at 40% (2020 - 40%)		
- UK corporation tax on profit before taxation	**(49)**	(27,215)
- adjustment in respect of previous periods	**1,977**	695
Total current tax	**1,928**	(26,520)
Deferred tax (note 21)		
- current year	**14,053**	(6,954)
- deferred tax adjustment in respect of previous periods	**(936)**	-
	13,117	(6,954)
Petroleum revenue tax at 0% (2020 - 0%)		
- current tax	**-**	-
- current tax adjustment in respect of previous periods	**(396)**	-
	(396)	-
Income tax charge/(credit) reported in the income statement	**14,649**	**(33,474)**

Statement of other comprehensive income (OCI)

	2021	2020
	£'000	£'000
Deferred tax related to items recognised in OCI during the year		
- Actuarial tax gains related to pension scheme (note 21)	**4,002**	7,345
Deferred tax (credited)/charged to OCI	**4,002**	7,345

Factors affecting tax charge for the year

The tax assessed for the period is lower (2020: higher) than the standard rate of corporation tax applicable to oil and gas exploration and production companies in the UK of 40% (2020: 40%). The differences are explained below:

	2021	2020
	£'000	£'000
Profit/(Loss) before taxation	**147,304**	(213,841)
Taxation on profit/(loss) before tax at 40% (2020: 40%)	**58,922**	(85,536)
Income not taxable	**(33,999)**	-
Expenditure not allowable for tax	**-**	51,706
Transferred from group companies	**-**	2,681
Recognition of deferred tax in respect of acquisition	**(7,555)**	
Group relief (claimed)/surrendered	**(395)**	-
Impact of different tax rates	**(436)**	(516)
Utilisation of recognised tax losses brought forward	**-**	(467)
Supplementary charge adjustment on interest expense	**-**	67
Investment allowance	**(2,533)**	(2,104)
Adjustment to deferred tax in respect of previous periods	**(936)**	-
Adjustment to current tax in respect of previous periods	**1,977**	695
Adjustment to petroleum revenue tax in respect of previous periods	**(396)**	-
Total tax credit	**14,649**	(33,474)

11 Taxation (continued)

In May 2022, the UK government announced an intention to introduce the Energy Profits Levy of 25% tax on UK ring fence oil and gas profits. The levy is intended to be temporary and will be in place until 31 December 2025 at the latest subject to oil and gas prices returning to "historically normal levels". The levy was not substantively enacted at the balance sheet date therefore the impact of the levy has not been reflected in these financial statements. Management is working to determine the impact on deferred tax in future periods.

12 Income from subsidiary undertakings

	2021	2020
	£'000	£'000
Dividends received from subsidiaries	**111,271**	110,000

During 2021, the company received dividends from its wholly owned subsidiaries, Eni Elgin Franklin Limited of £90 million (2020: £100 million), Eni AEP Limited of £16.3 million (2020: £10 million) and Eni LNS Limited £4.9 million (2020: £nil).

13 Intangible assets

Exploration and evaluation	**2021**	2020
	£'000	£'000
Cost		
At 1 January	**91,344**	93,732
Additions	**14,284**	309
Exploration costs written off (note 4)	**-**	(2,697)
At 31 December	**105,628**	91,344
Accumulated amortisation and impairment		
At 1 January	**90,020**	90,011
Charge for year	**5**	9
At 31 December	**90,025**	90,020
Net book value		
At 31 December	**1,324**	3,721
At 31 December	**15,603**	1,324

No exploration costs have been written off in the year (2020: £2.7 million related to the early relinquishment of the Winterton Protection licence P2443).

The additions are related, mainly, to the cost incurred in the year on the exploration well.

Management performed a review of internal and external indicators of impairment and concluded that there were none that would trigger an impairment review to be carried out in the year. No impairment charge or reversal of impairment provision was recognised in the year (2020: none).

In 2021 the net book value of the wip asset recognised as intangibles was £15.6 million (2020: £1.3 million)

14 Property, plant and equipment

	Oil and gas properties	Carbon Capture Storage (CCS)	Leasehold improve-ments	Office equipment, fixtures and fittings	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 January 2020	2,228,443	-	2,282	9,745	2,240,470
Additions	51,074	2,341	-	195	53,610
Revision of decommissioning estimate	63,578	-	-	-	63,578
Transfer (i)	5,019	-	-	-	5,019
At 31 December 2020	**2,348,114**	**2,341**	**2,282**	**9,940**	**2,362,677**
Additions	33,159	21,018	-	164	54,341
Revision of decommissioning estimate (note 22) (ii)	(62,270)	-	-	-	(62,270)
Write off (note 4)	-	(7,092)	-	-	(7,092)
Transfer (note 2) (iii)	4,984	-	-	-	4,984
At 31 December 2021	**2,323,987**	**16,267**	**2,282**	**10,104**	**2,352,640**
Accumulated depreciation					
At 1 January 2020	1,727,384	-	2,282	9,355	1,739,021
Charge for the year	93,567	-	-	238	93,805
At 31 December 2020	**1,820,951**	**-**	**2,282**	**9,593**	**1,832,826**
Charge for the year (note 4)	73,953	-	-	244	74,197
At 31 December 2021	**1,894,904**	**-**	**2,282**	**9,837**	**1,907,023**
Net book value					
At 31 December 2021	**429,083**	**16,267**	**-**	**267**	**445,617**
At 31 December 2020	527,163	2,341	-	347	529,851
At 1 January 2020	501,059	-	-	390	501,449

Management performed a review of internal and external indicators of impairment and concluded that there were none that would trigger an impairment review to be carried out in the year, with the exception of one CGU with a short-term end of life. No impairment charge or reversal of impairment provision was recognised in the year (2020: none).

Refer to the accounting policies section for the key estimates, judgements and assumptions involved in the impairment of non-financial assets. The recoverable amount of the oil and gas assets is based on value in use and was determined at the level of the CGU. The key assumptions used in the impairment tests were an inflation rate from 1.8% to 1.9% (2020: 1.2% to 1.9%), pre-tax discount rate of 10.7% (2020:10%) which is the Eni Group's average cost of capital based on the indicators assumed for the 4 year plan, and an average oil price of US$73.84/bbl (2020: US$56.55/bbl) based on the 4 year plan.

Based on the impairment analysis of the only CGU tested, the company has a surplus of £8.2m over the carrying value of the property, plant and equipment. A reduction of 20% in oil price would result in a reduction of £1.2 million of the surplus on this CGU.

14 Property, plant and equipment (continued)

(i) The transfer from subsidiary in 2020 includes the £4.8 million of abandonment from Hewett and LNS and £0.2 million development asset transferred from Hewett and LNS.

(ii) The decrease in cost estimates, amounting to £62.3 million follows a detailed review by the joint operations consortia operators of expected decommissioning costs.

(iii) The AEP transfer completed on 28 April 2021 for a negative consideration of £17.1 million representing the net book value of the assets and liabilities transferred paid by Eni AEP Limited to Eni UK Limited. The transfer amounted to £5.0 million.

A new class of property, plant and equipment is presented in 2021 as a result of new activities in relation to Carbon Capture Storage projects. The presentation of opening balances has been changed retrospectively. In 2020 it was presented in oil and gas properties.

In October 2021, Eni UK Limited, as Transportation and Storage Operator of the HyNet NW Cluster, was awarded Track 1 status under the BEIS CCS Cluster Sequencing Process following a submission made in July 2021. The submission was based on the storage of CO2 in the three depleted gas fields of Hamilton Main, Hamilton North and Lennox operated by Eni as part of their Liverpool Bay Asset in the Irish Sea. The concept includes the reuse of existing infrastructure currently employed in hydrocarbon production with adaptation for CO2 transportation and injection once hydrocarbon production ceases. Eni intends to be the Operator of the CO2 Transportation and Storage system and will enter agreements with a variety of CO2 emitter companies in the North West region associated with both industrial plants and future hydrogen production sites.

Concept definition activities, including Front End Engineering and Design ("FEED") engineering work, has commenced with a target date for Financial Investment Decision (FID) in late 2023. This activity is being partially funded by the Government's Industrial Decarbonisation Challenge (IDC) programme, managed by UK Research & Innovation (UKRI), which was awarded to the company in early 2021 up to 50% of costs incurred, with a cap for onshore amounting to £15.4 million and for offshore amounting to £26.2 million.

Government grants are received from UK Research & Innovation (UKRI) - a non-departmental public body sponsored by the Department for Business, Energy and Industrial Strategy (BEIS), for monies spent in connection with Eni's Liverpool Bay Carbon Capture & Storage Project (LBA CCS Asset). It is designed to help transform a region of the UK into the world's first low carbon industrial cluster by 2030. LBA CCS Asset is being developed in parallel with and as a key part of the HyNet Northwest full-chain hydrogen and CCS industrial decarbonisation project (the HyNet Project) and has been confirmed by the Department for BEIS as Track 1 cluster for the mid-2020s.

The company also signed a Cooperation Agreement with BP, Equinor, Total and Shell, becoming part of the Net Zero Teesside ("NZT") project and Net Endurance project ("NEP"), both operated by BP in early 2021. In the second half of 2021, the company has withdrawn from both the carbon capture storage projects NZT and NEP operated by BP. As a result of this decision a write off of costs amounting to £7.1 million was recognised in the income statement.

The CCS additions in 2021 amounting to £21 million (2020: £2.3 million) are presented net of grant claims amounting to £5.7 million (2020: £nil).

During the year three wip wells started producing hence they were transferred to producing assets. The wells Julia Paleocene and P02 S15 Recompletion were transferred to J-block for the amount of £33.9 million, and Jasmine 30/7a were transferred to Jasmine producing plant for £17.5 million.

In 2021, construction in progress, recognised in oil and properties and not depreciated, was £22.4m (2020: £13.4m).

See note 24 for contractual commitments on capital expenditure.

15 Leases

The balance sheet shows the following amounts relating to lease:

Right of use assets

	Eni House (London office) **2021**	Rig **2021**	Vessels **2021**	Total **2021**	Eni House (London office) Total **2020**
Cost	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 1 January	24,240	-	-	**24,240**	24,240
Transfers (Note 2)	-	14,789	5,312	**20,101**	-
At 31 December	**24,240**	**14,789**	**5,312**	**44,341**	24,240
Amortisation					
At 1 January	5,337	-	-	**5,337**	2,669
Charge for year	2,669	4,221	2,434	**9,324**	2,668
At 31 December	**8,006**	**4,221**	**2,434**	**14,661**	5,337
Net book value					
At 31 December	**16,234**	**10,568**	**2,878**	**29,680**	18,903

Lease liabilities	**31 December 2021**	31 December 2020
	£'000	£'000
Current	**14,899**	10,447
Non-current	**19,961**	30,872
Total	**34,860**	41,319

Lease receivables	**31 December 2021**	31 December 2020
	£'000	£'000
Current from Eni Hewett Limited	**-**	8,238
Non-current from Eni Hewett Limited	**-**	12,137
Total	**-**	20,375

The company leases the office building. The lease contract is for a period of 10 years starting in February 2018. Extension and termination options are included in the contract. These are used to maximise operational flexibility in terms of managing the asset used in the company operations.

During 2020, the company entered into a new lease agreement for a rig on behalf of Eni Hewett Limited, the operator of Hewett Area fields for decommissioning activities over the next three years. The lease contract was sublet to Eni Hewett Limited, as a result the right of use of the lease contract is accounted for and recognised in Eni Hewett Limited. The company recognised a lease receivable for the sub-lease arrangement to Eni Hewett Limited identical to the lease payable to the third-party supplier. The lease receivable was relinquished as part of the transfer.

The interest expense is included in the finance costs and amounts to £1.9 million (2020: £2.3 million). The interest income on the lease receivable is included in the finance income and amounts to £0.5 million (2020: £1.2 million).

The total cash outflow for leases in 2021 was £13.2 million (2020: £10.9 million). The total cash inflow for leases in 2021 was £4.8 million (2020: £7.7 million).

There were no additions to the right-of-use assets during 2021 (2020: £nil). However, two lease vessel contracts Limited were transferred from Eni Hewett Limited to ENI UK Limited on the 2 July 2021 as part of the transfer stated in note 2.

Leasing arrangement:
The property is leased to the company with rentals payable quarterly. The rig is leased to tenants with monthly rentals payable. Lease payments do not include other variable lease payments that depend on an index or rate.

15 Leases (continued)

Payments on lease contracts are as follows:	Years	£'000
Within 1 year	2022	14,899
Between 2 and 4 years	2025	13,209
Between 5 and 6 years	2027	6,454
Later than 6 years	2028	299
Total		**34,861**

16 Investments

a) Investments in subsidiaries

	31 December 2021	31 December 2020
	£'000	£'000
At 1 January	**796,557**	596,557
Additions	**-**	200,000
At 31 December	**796,557**	796,557
Accumulated impairment		
At 1 January	**(783,484)**	(545,869)
Charge for the year	**(13,073)**	(237,615)
At 31 December	**(796,557)**	(783,484)
Net book value		
At 31 December	**-**	13,073

During 2021 the company recognised an impairment charge of £13.1 million in relation to Eni AEP Limited (2020: £ 37.6 million on Eni AEP Limited), as a result of dividend income received in the year and the expected disposal of the subsidiary expected in the first half of 2022. The remaining £200 million in 2020 were due to the impairment charge to its investment in Eni Hewett. The base consideration for the disposal of the subsidiary was $100,000, however the expected consideration on completion will be a payment from the company to the buyer amounting to £2.8 million due to the net cash flow movements of the subsidiary between the economic date of the transfer until the completion date. As a result, the company provided for a loss on disposal of £2.8 million in the income statement.

As at 31 December 2021, the subsidiaries of the company are as follows:

Name of company Country of incorporation	Registered address	Description of shares held	Principal activity	Owner-ship	Functional Currency
Eni TNS Limited (Registered in Scotland)	Aberdeen**	Ordinary £1 shares	Dormant	100%	GBP
Eni AEP Limited (Registered in England & Wales)	Eni House*	Ordinary 25p shares	Oil company	100%	GBP
Eni Elgin / Franklin Limited (Registered in England & Wales)	Eni House*	Ordinary £1 shares	Oil company	100%	GBP
Eni Liverpool Bay Operating Company Limited (Registered in England & Wales)	Eni House*	Ordinary £1 shares	Dormant	100%	GBP
Eni UKCS Limited (Registered in England & Wales)	Eni House*	Ordinary £1 shares	Oil company	100%	GBP
Eni LNS Limited (Registered in England & Wales)	Eni House*	Ordinary £1 shares	Oil company	100%	GBP

There have been no changes in ownership from prior year.

** Eni House, 10 Ebury Bridge Road, London SW1W 8PZ, England, United Kingdom*
*** 6 Queens Road, Aberdeen AB15 4ZT, Scotland*

16 Investments (continued)

b) Other investments

On 21 December 2016, the ultimate parent company Eni S.p.A., through the company, entered into a Members Agreement with OGCI Climate Investments LLP, and members of the OGCI (The Oil and Gas Climate Initiative), a collaborative investment vehicle of 11 leading oil and gas companies representing one fifth of the world's oil and gas production, with the objective of developing and accelerating the commercial deployment of innovative low emissions technologies and identifying ways to cut the energy intensity of both transport and industry.

As at 31 December 2021, the total investments in OGCI Climate Investments LLP is £20.3 million (2020: £11.8 million). This investment is valued at the fair value through other comprehensive income. The investment of the year amounted to $12.9/£9.4 million (2020: $8.0/£6.4 million). The fair value adjustment of the year amounted to a loss of £1.2 million presented in other comprehensive income (2020: £6 million loss).

Investment in OGCI Climate Investments LLP is not held for trading, the company has irrevocably elected at initial recognition to recognise this investment in fair value through OCI category. This is a strategic investment and the company considers this classification to be more relevant.

c) Joint operations

The company's participating interests in joint operations as at 31 December 2021, identified by reference to their particular area or field name in the UKCS, are as follows:

Area or Field	Operator	% interest	Type
Producing fields and facilities			
Judy / Joanne	Harbour Energy	33.33	Oil & Gas
Jade	Harbour Energy	7.00	Oil & Gas
Jasmine	Harbour Energy	33.33	Oil & Gas
Talbot	Harbour Energy	33.33	Oil & Gas
Liverpool Bay	Eni UK Limited	8.90	Oil & Gas
Conwy	Eni UK Limited	100	
Decommissioning			
MacCulloch	Harbour Energy	40.0	
Hewett	Eni UK Limited	89.3	
Pipelines and terminals			
CATS Pipeline	CATS North Sea Limited	0.34	
Exploration areas			
Liverpool Bay P099	Eni UK Limited	100.0	Oil & Gas
Dunnottar P2399	Harbour Energy	33.33	Oil & Gas
Tommeliten P2220	ConocoPhillips Skandinavia	15.85	Oil & Gas
Carbon capture storage			
Liverpool Bay CCS	Eni UK Limited	100.0	CCS

17 Inventories

	31 December 2021 £'000	31 December 2020 £'000
Oil inventory	**1,426**	-
Materials	**29,392**	22,050
	30,818	22,050

The inventory movement was recognised in Other services costs and expenses (note 8).

18 Trade and other receivables

	31 December 2021	31 December 2020
	£'000	£'000
Trade receivables - third parties	**15,419**	2,975
Prepayments – third parties	**2,298**	2,053
Amounts owed by related parties		
Parent company		
Eni S.p.A. Corporate	**1,174**	2,547
Eni S.p.A. – Exploration & Production	**712**	966
Subsidiary companies		
Eni UKCS Limited	**435**	102
Eni AEP Limited	**200**	3,127
Eni Elgin / Franklin Limited	**40,619**	3,938
Eni LNS Limited	**-**	2,405
Eni Hewett Limited	**1,894**	8,456
Affiliate companies		
Eni Australia Limited	**171**	56
Eni JPDA 03-13 Limited	**47**	57
Eni ULX Limited	**42,304**	31,295
ENI Next LLC	**-**	434
Eni Oil Algeria Limited	**88**	86
Eni BTC Limited	**45**	129
Eni Ireland B.V.	**120**	80
Eni International N.A. N.V. S.a.r.l.	**72**	28
Eni International Resources Limited	**592**	417
Eni Denmark B.V.	**10**	47
Eni Investments plc	**37**	19
Eni Lasmo plc	**212**	58
Eni UK Holding plc	**95**	70
Burren Energy plc	**87**	38
Burren Shakti Limited	**-**	6
Eni Pakistan Limited	**41**	139
Eni Trading & Shipping S.p.A.	**346**	15,835
Eni Global Energy Markets S.p.A.	**25,173**	-
Eni Trade & Biofuel S.p.A	**827**	-
Eni Angola Production B.V.	**-**	43
Eni CBM Limited	**21**	55
Virginia Indonesia Co CBM Limited (50%)	**125**	88
VIC CBM Limited (50%)	**35**	59
Agip Caspian Sea B.V.	**75**	330
Eni North Africa B.V.	**521**	371
Eni Cyprus Limited	**42**	6
Eni ULT Limited	**2**	5
Eni UHL Limited	**2**	5
Eni Progetti S.p.A.	**1,408**	1,986
Eni Mozambique Engineering Limited	**549**	425
Eni Côte d'Ivoire Limited	**480**	86
Eni India Limited	**70**	75
Eni Montenegro BV	**-**	40
Solenova Limited	**153**	-
Eni North Sea Wind Limited	**37**	-
Versalis UK Limited	**44**	-
Other receivables - third parties	**2,127**	2,462
	138,709	81,399

Trade receivables owed by related parties include accrued income amounting to £32 million (2020: £15.3 million), mainly due to Eni Global Energy Markets S.p.A. for £25 million (2020: £nil), Eni Trading and Shipping £nil (2020: £12 million), Eni Elgin Franklin Limited for £4 million (2020: £nil) and EniProgetti S.p.A. £1.4 million (2020: £0.3 million), Eni S.p.A – E&P £0.5 million (2020: £0.5 million), Eni S.p.A – Corporate nil (2020: £1.1 million), Eni North Africa Limited £0.3 million (2020: £0.4 million)

18 Trade and other receivables (continued)

Trade receivables owed by related parties include tax group relief balance of £6.7 million (2020: £7.9 million) mainly due from Eni Global Energy Markets S.p.A for £6 million (2020: £nil), EniProgetti S.p.A £0.8 million (2020: £nil) and Eni Trading and Shipping S.p.A £nil (2020: £7.9 million).

Trade receivables owed by related parties include Research and Development claim of £4 million due from Eni Elgin/ Franklin Limited (2020: £nil).

Based on historical evidence of prompt receipt of trade receivables, the company believes that the carrying amounts are a reasonable approximation to the fair value.
The receivables from related parties arise mainly from sale transactions and are due one month after the date of sale. The receivables are unsecured in nature and bear no interest.

Trade receivables owed third parties, mainly, includes receivables from JV partners.

As of 31 December 2021, no trade receivables were written off nil (2020 - £nil).

Trade receivables owed by third parties of £0.1 million (2020 - £nil) were past due and credit loss provision was made.

As of 31 December 2021, related parties receivables of £2.3 million (2020 - £4.8 million) were past due but no expected credit loss provision was made. These balances are with related parties for whom there is no history of default.

	31 December 2021			31 December 2020		
		£'000			£'000	
	Fully performing	**Past due but not impaired**	**Total**	Fully performing	Past due but not impaired	Total
Trade receivables	**15,298**	**121**	**15,419**	2,975	-	2,975
Related parties	**116,525**	**2,340**	**118,865**	69,096	4,813	73,909
Other debtors	**2,127**	**-**	**2,127**	2,462	-	2,462
Total	**133,950**	**2460**	**136,410**	74,533	4,813	79,346

The carrying amounts of the company's trade receivables from third parties are denominated in the following currencies:

	31 December 2021	31 December 2020
	£'000	£'000
Pounds	**14,216**	1,691
US Dollars	**1,203**	1,230
Euros	**-**	54
Total	**15,419**	2,975

The carrying amounts of related parties' receivables are denominated in the following currencies:

	31 December 2021	31 December 2020
	£'000	£'000
Pounds	**117,785**	72,380
US Dollars	**1,018**	1,529
Euros	**62**	
Total	**118,865**	73,909

Movements on the company's provision for expected credit losses of third parties trade receivables are as follows:

	31 December 2021	31 December 2020
	£'000	£'000
At 1 January	**59**	53
Charge of the year	**38**	6
At 31 December	**97**	59

Forward-looking information and macroeconomic factors have been incorporated, by the company, into the determination of expected credit losses.
The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the value of each class of receivable mentioned above. The company does not hold any collateral security.

18 Trade and other receivables (continued)

Credit risk is the potential exposure of the company and its subsidiaries to loss in the event of non-performance by a counterparty. The credit risk arising from the company's normal commercial operations is controlled according to guidelines established by the Eni Group. In addition, the company follows guidelines of the Eni S.p.A. treasury department on the choice of highly credit-rated counterparties in their use of financial and commodity instruments, including derivatives.

The company has not experienced material non-performance by any counterparty. As of 31 December 2021, the company has no significant concentrations of credit risk (2020 - £nil). The maximum exposure to credit risk is equal to the carrying amount of the trade and other receivables.

19 Cash and cash equivalents

	31 December 2021	31 December 2020
	£'000	£'000
Cash at bank and in hand		
Affiliate company		
Banque Eni S.A.	**2,437**	2,339
Cash equivalents		
Short term deposits – Affiliate company		
Eni Finance International S.A	**121,300**	107,500
	123,737	109,839

Short term deposits are repayable within 3 months and carry interest rates which vary in line with market rates. These deposits are held with Eni Finance International S.A. which is a subsidiary of Eni S.p.A. and has a credit rating of Baa1 as issued by Moody's.

During 2021 the effective rate has been between 0.02684% and 0.20110% for GBP deposits (2020 - 0.0188% and 0.717%).

The company believes that the carrying amounts are a reasonable approximation to the fair value.

20 Trade and other payables

	31 December 2021	31 December 2020
	£'000	£'000
Trade payables		
Third parties	**19,281**	26,665
Amounts owed to related parties		
Parent company		
Eni S.p.A. – Exploration & Production	**2,013**	1,923
Subsidiary companies		
Eni Elgin / Franklin Limited	**803**	-
Eni Hewett Limited	**2,247**	15,457
Eni LNS Limited	**4**	7
Eni AEP Limited	**209**	16
Affiliate companies		
Eni Australia Limited	**2,172**	-
Eni Trading & Shipping S.p.A.	**-**	218
Eni Trade & Biofuel S.p.A.	**4**	-
Eni Global Energy Markets S.p.A.	**17**	-
Eni ULX Limited	**18,864**	287
Eni International Resources Limited	**94**	126
Eni International BV	**54**	73
Eni Mozambique Engineering Limited	**1,050**	926
Eni Servizi S.p.A.	**47**	16
Eni Lasmo Plc	**667**	2,406
Eni Progetti S.p.A.	**962**	1,525
Eni Insurance Designated Activity Co	**442**	853
Eni Abu Dhabi Limited	**-**	66
Eni Next LLC	**70**	-
Accruals		
Third parties	**47,726**	25,432
Amounts owed to related parties		
Parent company		
Eni S.p.A. – Exploration & Production	**8,278**	6,573
Subsidiary companies		
Eni Hewett Limited	**536**	13,559
Affiliate companies		
Eni Insurance Designated Activity Co	**203**	52
Eni International Resources Limited	**328**	396
Eni Lasmo Plc.	**763**	-
Eni Trading & Shipping S.p.A.	**33**	181
Eni ULX Limited	**5,968**	7,876
Eni Progetti S.p.A.	**3,841**	743
Var Energi AS	**56**	-
Versalis International SA	**89**	-
Deferred income		
Affiliate companies		
Eni Trade & Biofuel S.p.A.	**7,898**	-
	124,719	105,376

Some comparative figures have been split out within the note in order to ensure the comparability of the figures with the year ended 31 December 2020. These reclassifications have no impact on the total trade and other payables.

The trade payables to related parties arise mainly from purchase of services and are due in one month after the date of purchase. The payables are unsecured and bear no interest. The company believes that the carrying amounts are a reasonable approximation to the fair value.

Trade payables owed to related parties include tax group relief balances of £14.8 million (2020: £2.4 million) due to affiliates, mainly Eni ULX Limited £10.5 million (2020: £nil), Eni Australia Limited £2.2 million (2020: £nil) and Eni Lasmo Plc ££0.7 (2020: £2.4 million). Accruals with related parties include tax group relief balances of £6.7 million (2020: £7.9 million) mainly due to Eni ULX Limited.

20 Trade and other payables (continued)

Deferred income of £7.9m (2020: £nil) relates to liftings paid in advance by ETB for which no revenue has yet been recognised in the income statement.

21 Deferred tax

Deferred tax is calculated in full on temporary differences using a tax rate of 40% (2020 - 40%) in respect of ring fence activity and 19% (2020 - 19%) in respect of non-ring fence activity. The movement on the deferred tax account is shown below:

	2021	2020
	£'000	£'000
Total deferred tax		
At 1 January	**12,242**	53,217
(Credit)/charge to the income statement	**13,117**	(6,954)
(Credit)/charge to equity	**4,002**	7,345
Transferred from group companies	**(12,953)**	(41,366)
At 31 December	**16,408**	12,242

Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net.

The movements in deferred tax assets and liabilities during the period are shown below:

Deferred tax liabilities

	Accelerated Capital Allowances	**Pension Provision**	**Total**
	£'000	**£'000**	**£'000**
At 1 January 2021	221,741	16,199	237,940
Provided/ (Utilised) during the year	(33,051)	4,246	(28,805)
Transferred from group companies	1,795	-	1,795
At 31 December 2021	**190,485**	**20,445**	**210,930**

	Accelerated Capital Allowances	**Pension Provision**	**Total**
	£'000	**£'000**	**£'000**
At 1 January 2020	210,875	8,634	219,509
Utilised during the year	8,911	7,565	16,476
Transferred from group companies	1,955	-	1,955
At 31 December 2020	221,741	16,199	237,940

21 Deferred tax (continued)

Deferred tax assets

	Decommissioning	Derivatives	Insurance provision	Investment allowance	Total
	£'000	£'000	£'000	£'000	£'000
At 1 January 2021	(220,130)	(12)	(460)	(5,096)	(225,698)
(Utilised)/Provided during the year	48,393	1	62	(2,532)	45,924
Transferred from group companies (Note 2)	(14,735)	-	(13)	-	(14,748)
At 31 December 2021	**(186,472)**	**(11)**	**(411)**	**(7,628)**	**(194,522)**

	Decommissioning	Derivatives	Insurance provision	Investment allowance	Total
	£'000	£'000	£'000	£'000	£'000
At 1 January 2020	(162,726)	-	(574)	(2,992)	(166,292)
(Utilised)/Provided during the year	(14,083)	(12)	114	(2,104)	(16,085)
Transferred from group companies	(43,321)	-	-	-	(43,321)
At 31 December 2020	**(220,130)**	**(12)**	**(460)**	**(5,096)**	**(225,698)**

Deferred tax assets have been offset against the deferred tax liabilities above. The net deferred tax liability to be disclosed as a non-current liability is therefore £16,408,000 (2020 £12,242,000).

The deferred corporation tax asset calculated at the rate of 25% (2020 - 19%) which was not recognised in the financial statements amounted to:

	2021 Unprovided amount	2020 Unprovided Amount
	£'000	£'000
Unrecognised tax losses carried forward	**7,624**	5,328
Accelerated capital allowances carried forward	**136**	446
Total	**7,760**	5,774

In 2021 and 2020, the directors consider it unlikely that there will be suitable taxable profits from which the future reversal of the underlying timing differences could be deducted; therefore the deferred tax asset has not been recognised.

22 Provisions

	Decommissioning provision	Other provisions	Total
	£'000	£'000	£'000
At 1 January 2021	550,325	1,440	551,765
Utilised in the year	(84,568)	(199)	(84,767)
Revision of cost estimate (note 14)	(62,270)	-	(62,270)
Transfer (note 2)	35,175	32	35,207
Acquisition (note 2)	20,500	-	20,500
Unwinding of discount (note 10)	7,020	-	7,020
At 31 December 2021	**466,182**	**1,273**	**467,455**

	Decommissioning provision	Other provisions	Total
	£'000	£'000	£'000
At 1 January 2020	406,815	1,836	408,651
Utilised in the year	(29,617)	(396)	(30,013)
Revision of cost estimate (note 14)	63,578	-	63,578
Transfer	101,331	-	101,331
Unwinding of discount (note 10)	8,218	-	8,218
At 31 December 2020	**550,325**	**1,440**	**551,765**

	£'000	£'000	£'000
At 31 December 2021			
Current	58,632	-	58,632
Non-current	407,550	1,273	408,823
Total	**466,182**	**1,273**	**467,455**

	£'000	£'000	£'000
At 31 December 2020			
Current	58,110	-	58,110
Non-current	492,215	1,440	493,655
Total	**550,325**	**1,440**	**551,765**

Decommissioning provision

A provision of £466.2 million, (2020: £550.3 million), has been recognised for decommissioning costs relating to producing oil and gas fields in which the company is a participant. The current provision amounted to £58.6 million (The 2020 provision was incorrectly classified as a non-current liability and has been restated, with the current provision amounting to £58.1m).

The provision has been estimated using existing technology, existing life of field estimates, current decommissioning cost estimates and discounted using the directors' assessment of an appropriate risk adjusted discount rate ranging from 0.87% to 2.06% (2020: 1.13% to 2.50%). The estimated life of field interests is between 2022 and 2040 (2020: 2021 and 2040). The decrease in cost estimates follows a detailed review by the joint operations consortia operators of expected decommissioning costs.

The payment dates of expected decommissioning costs are uncertain and are based on economic assumptions of the fields concerned. These provisions have been created based on internal and third-party estimates. Assumptions based on the current economic environment have been made, which management believe are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual decommissioning costs will ultimately depend upon market prices for the necessary decommissioning work required, which will reflect market conditions at the relevant time.

On 1 July 2021, the company completed the acquisition of 100% working interest and operatorship of the Conwy oil field from its previous owner, Tailwind Mistral Limited for a negative consideration of £18.5 million. The Conwy oil field is tied back to the Douglas platform by pipeline. The Douglas platform is part of the Liverpool Bay Area operated by the company. As part of the acquisition, ENI UK acquired £20.5 million of decommissioning provision.

Other provisions
Other provisions relate to general risk, insurance and employee benefit plans.

23 Share capital

	2021	**2021**	2020	2020
	Shares	**£'000**	shares	£'000
Allotted and fully paid £1 ordinary equity shares	**50,000,000**	**50,000**	50,000,000	50,000

Under the Companies Act 2006, there is no requirement for the company to have an authorised share capital and the company's Articles of Association do not set a maximum amount of shares that the company may allot.

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for the shareholder and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to its shareholder.

The company regularly reviews its capital structure on the basis of its expected capital requirements in order to achieve the defined strategic objectives and manages its capital accordingly. The company's capital structure fully satisfies its capital requirements and the company has no necessity or intention of altering the current position. Short and medium-term funding requirements are managed through the use of an intercompany facility with Eni Finance International S.A. Longer term funding or funding for a particularly large transaction may be sourced from a combination of using the existing facility with Eni Finance International S.A., parent or affiliated company loan, suitable long-term instruments, such as loans from third parties, or by raising additional equity.

24 Commitments

The company has interests in various consortia engaged in exploration, development and production of oil and gas. As a member of these consortia, the company is committed to pay its share of the costs of development. It is anticipated that capital expenditure will be approximately £65.8 million in 2022 (2020: £30.0 million). In addition to development expenditure, the company is committed to pay its share of the costs of exploration, which may involve capital expenditure of approximately £11.3 million (prior year - £14.7 million) and its share of the cost of new carbon projects of approximately £34.8 (prior year: £1.9 million).

On 21 December 2016, the ultimate parent company Eni S.p.A., through the company, entered into a Members Agreement with OGCI Climate Investments LLP (the Oil and Gas Climate Initiative – Climate Investments), and members of OGCI- CI a collaborative investment vehicle of initially 7, and currently 11, leading oil and gas companies representing one fifth of the world's oil and gas production, with the objective of developing and accelerating the commercial deployment of innovative low emissions technologies and identifying ways to cut the energy intensity of both transport and industry by investing at least one billion US dollars (company share: $100 million or £76 million) in the next ten years. At 31 December 2021, Eni UK Limited have contributed £27.3 million and there is £48.7 remaining to contribute. The number of members participating in this initiative will not change the total capital contribution by each member. The creation of OGCI Climate Investments LLP shows the collective determination of the oil and gas industry to deliver technology on a large scale that will create a step change to help tackle the climate challenge.

25 Pension scheme

On 25 September 2015 the company announced the decision to close the defined benefit arrangement to future accruals for both existing employees and new members effective from 31 December 2015. The scheme was replaced by the Eni Group Personal Pension Plan, which is a defined contribution arrangement effective from 1 January 2016.

The company maintains a defined benefit arrangement. The assets of the scheme are held in a separately administered fund.

25 Pension Scheme (continued)

Pension fund surplus

An actuarial evaluation, according to IAS 19 (as revised in 2011), has been carried out at 31 December 2021 by a qualified independent actuary. The principal assumptions made by the actuaries were:

	31 December 2021	31 December 2020
	%	%
Rate of compensation	**-**	-
Discount rate	**1.80**	1.40
RPI inflation	**3.20**	2.85
Life expectancy	**23**	23

The scheme assets are held in a separate trustee-administered fund to meet long-term pension liabilities to past and present employees. The trustees are required to act in the best interests of the scheme's beneficiaries. The scheme is also subject to the requirements of the Pensions Act 2004.

Since the pension liability is adjusted to the consumer price index, the pension plan is exposed to inflation, interest rate risks and changes in the life expectancy for pensioners. Plan assets are generally managed by external asset managers pursuing investment strategies, defined by the company, with the aim of ensuring that assets are sufficient to pay the benefits. For this purpose, the investments are aimed at maximising the expected return and limit the risk level through proper diversification.

None of the scheme's direct asset holdings are represented by the company's own transferable financial instruments nor property occupied by, or other assets used by, the company or affiliated companies. The defined benefit Scheme is a final salary scheme. It is closed to new entrants and has been closed to future benefit accrual since 31 December 2015.The liabilities of the scheme are measured by discounting the best estimate of future cash flows to be paid out by the scheme using the projected unit method, which is an accrued benefits valuation method. The liabilities set out in this note have been calculated by an independent actuary based on membership information as at 1 April 2018. The liabilities have then been rolled forward to 31 December 2021. The results of the calculations and the assumptions adopted are shown below.

Pension and other post-retirement obligations

The amounts recognised in the balance sheet are determined as follows:

	31 December 2021	31 December 2020
	£'000	£'000
Present value of funded obligations	**(161,790)**	(170,110)
Fair value of plan assets	**213,153**	210,898
Net asset recognised in the balance sheet	**51,363**	40,788

Plan assets do not include investments in real estate.

The amounts recognised in the income statement are as follows:

	2021	2020
	£'000	£'000
Past service cost	**-**	-
Net interest income (note 9)	**(571)**	(440)
Included in the income statement	**(571)**	(440)

25 Pension Scheme (continued)

The amounts recognised in other comprehensive income are as follows:

	2021	2020
	£'000	£'000
Return on scheme assets in excess of interest income	**(3,725)**	(26,016)
Actuarial gain on demographic assumptions	**(993)**	(4,353)
Actuarial (gain)/loss on financial assumptions	**(2,722)**	12,814
Actuarial gain on experience adjustment	**(2,564)**	(808)
Amounts recognised in other comprehensive income	**(10,004)**	(18,363)

Analysis of the movement in fair value of plan assets

	2021	2020
	£'000	£'000
Fair value of plan assets at 1 January	**210,898**	186,456
Return on plan assets, excluding amounts included as net interest income	**2,922**	3,677
Actuarial gain on plan assets	**3,725**	26,016
Benefits paid from plan	**(4,392)**	(5,251)
Fair value of plan assets at 31 December	**213,153**	210,898

Analysis of the movement of benefit obligations

	2021	2020
	£'000	£'000
Benefit obligation at 1 January	**170,110**	164,471
Current service cost	**-**	-
Interest cost	**2,351**	3,237
Actuarial (gain)/loss on benefit obligations	**(6,279)**	7,653
Benefits paid from plan	**(4,392)**	(5,251)
Benefit obligation at 31 December	**161,790**	170,110

Analysis of the movement in the balance sheet asset

	2021	2020
	£'000	£'000
At 1 January	**40,788**	21,985
Net interest income as above	**571**	440
Net actuarial gain/(loss) on plan assets and benefit obligations	**10,004**	18,363
At 31 December	**51,363**	40,788

The weighted average duration for the scheme is 23 years (2020: 23 years). This will be formally reviewed at the 2022 year-end.

The key risks, which could significantly affect the balance sheet, and to a lesser extent the income statement are as follows:

- A reduction in the discount rate, which will increase the value placed on the Scheme's liabilities.
- An increase in price inflation.
- Improving life expectancy (lower mortality rates) resulting in benefits being paid for longer.

25 Pension scheme (continued)

Sensitivity analysis on plan obligation at 31 December 2021

The sensitivity analyses have been derived by re-running the balance sheet liability calculation with an isolated change to the assumption being analysed. The inflation sensitivity is in relation to a change in RPI inflation, with all other inflation related assumptions i.e. future revaluation and future pension increases in payment updated accordingly.
The table below shows the changes in the present value of liabilities as at 31 December 2021 of the Scheme as a result of changes in the principal assumptions:

	Present value of defined benefit obligation		
2021	**Change in assumption**	**Increase in assumption**	**Decrease in assumption**
		£'000	**£'000**
Discount rate	0.5%	145,009	181,142
Inflation rate	0.5%	175,946	147,469
Life expectancy of all members	1 year	168,776	154,977
2020	**Change in assumption**	**Increase in assumption**	**Decrease in assumption**
		£'000	**£'000**
Discount rate	0.5%	152,332	190,627
Inflation rate	0.5%	187,059	154,343
Life expectancy of all members	1 year	177,296	162,973

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Composition of the fair value of plan assets	**31 December 2021**		31 December 2020	
	£'000	**%**	£'000	%
UK Equities (quoted)	**12,257**	**5.7%**	10,178	5%
Corporate Bonds (non-quoted)	**56,112**	**26.3%**	57,771	27%
Diversified Growth Funds (non-quoted)	**66,644**	**31.3%**	66,602	32%
Liability driven investment (non-quoted)	**63,674**	**29.9%**	75,977	36%
Cash (non-quoted)	**14,466**	**6.8%**	370	0%
Total	**213,153**	**100%**	210,898	100%

Plan assets are measured at fair value using level 1 and level 2 valuation techniques in both years. There have been no transfers between fair value levels during the reporting period. There are no contributions expected to be paid into the DB Scheme over the next annual reporting period. The DB Scheme was in surplus following the 1 April 2018 actuarial valuation and so deficit contributions are not required to be paid into the DB Scheme. Also, there are no ongoing benefit accrual contributions being paid into the Scheme since the DB Scheme is closed to future benefit accrual.
The review of the funding arrangements is part of the 1 April 2021 valuation process. The valuation is due to be finalised by 1 July 2022 at the latest.

The contribution made to the defined contribution scheme are as follows:

	31 December 2021	**31 December 2020**
	£'000	**£'000**
Employer pension contribution	1,836	1,776

26 Market, liquidity and operational risks

Market risks include foreign exchange rate risk, interest rate risk, commodity price risk and operational risk.

Foreign exchange rate risk

The company is exposed to foreign exchange fluctuations relating to non-GBP (mainly USD) expenditures and receipts. The company utilises foreign currency derivatives to hedge its short-term exposure to these fluctuations. Exchange rate risk derives from the fact that the company's operations are conducted in currencies other than GBP (in particular the US Dollar and Euro) and by the time lag existing between the recording of costs and revenues denominated in currencies other than the functional currency and the actual time of the relevant monetary transaction (transaction exchange rate risk). The transaction exchange rate risk arising from payables, receivables and accruals denominated in currencies other than the functional currency, is not considered to be material due to the fact that these will be realised within 30 days. Generally speaking, an appreciation of the US Dollar versus the GBP has a positive impact on the company's results of operations, and vice-versa. Effective management of exchange rate risk is performed at the group level, within the central finance department which matches opposite positions of the group operating subsidiaries and hedges net positions using derivatives (such as currency swaps, forwards and options).

At 31 December 2021 and 2020, the company had no outstanding long-term foreign exchange derivatives.

Sensitivity analysis
A change in 5% foreign exchange rates GBP-USD would have had an impact of £0.8 million (2020: £0.1 million) on trade and other payables, and a change in 5% foreign exchange rates GBP-EUR would have had an impact of £0.7 million (2020: £0.5 million)

Interest rate risk

Variations in interest rates affect the market value of financial assets and liabilities of the company. As with exchange rate risk, the company works in conjunction with the specialised finance companies of the Eni S.p.A. group to mitigate interest rate risk at a group level. The company does not consider this a material risk as it has no financial debts and no investments in interest bearing instruments.

Commodity price risk

The company's performance is affected by fluctuations in oil and gas prices, which are subject to international supply and demand as well as numerous other political factors. The prices the company receives for its production are set centrally by the group's commodity risk assessment team. Eni manages its exposure by managing production in line with price fluctuations in order to achieve stable economic results. The company does not have any outstanding financial instruments including derivatives as of 31 December 2021 and 2020, which are subject to the changes in the price of commodities.

Liquidity risk

The risk that suitable sources of funding for the company's business activities may not be available. The company has access to the Eni group's financial resources in the form of capital contributions from its shareholder and short-term lending facilities from Eni Finance International. The company believes it has sufficient cash to cover expenses.

Effective management of the liquidity risk has the objective of ensuring the availability of adequate funding to meet short-term requirements and due obligations as well as the objective of ensuring a sufficient level of flexibility in order to fund the development plans of the company's businesses.
The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

As at 31 December 2021	**Less than one year**	**More than one year**
	£'000	**£'000**
Trade and other payables	124,026	-
Leases	14,899	19,962

As at 31 December 2020	Less than one year	More than one year
	£'000	£'000
Trade and other payables	101,153	-
Leases	10,447	30,872

The above liabilities will be settled on a gross basis.

26 Market, liquidity and operational risks (continued)

Operational risk

The company's and its subsidiaries' activities present industrial and environmental risks and are therefore subject to extensive government regulations concerning environmental protection and industrial security.

The broad scope of these activities involves a wide range of operational risks such as those of explosion, fire or leakage of toxic products, and production of non-biodegradable waste.

All these events could possibly damage or even destroy wells as well as related equipment and other property, cause injury or even death to persons or cause environmental damage. In addition, since exploration and production activities may take place on sites that are ecologically sensitive, each site requires a specific approach to minimise the impact on the related ecosystem, biodiversity and human health.

27 Post balance sheet events

The military action between Russia and Ukraine that developed following the year end, alongside the imposition of international sanctions, have a pervasive economic impact not only on businesses in Russia and Ukraine, but also globally where businesses engage in economic activities that might be affected by the recent developments. The company has no assets, operations or activities in Russia and Ukraine nor is it party to any contracts or transactions involving Russian registered counterparties. Accordingly, the company will not be directly affected by any internationally imposed sanctions covering such assets, operations, activities, contracts or transactions.

A limited release of hydrocarbons (less than 100 barrels) occurred on 14 February 2022 from the pipeline between the Eni-owned Conwy and Douglas Installations, approximately 33 km from the North Wales coast. The pipeline was immediately shutdown, isolated and made safe, whilst an Incident Management Team immediately notified the authorities and mobilised resources to investigate and repair the defect. A through-wall defect at a single location was identified to be the source of the incident, and a permanent repair clamp has since been installed and tested. In conjunction with relevant UK Regulatory agencies, further integrity checks of the pipeline are continuing, to confirm its integrity prior to reintroducing hydrocarbons and to establish the root cause of the occurrence. Providing the integrity checks are acceptable it is expected that production will be reinstated during Q2 2022.

On 15 June 2022 the Board of Directors of Eni UK Limited approved the acquisition of the entire issued share capital (made up of 10,000 ordinary shares of £1 each) of Liverpool Bay CCS Limited from Eni Lasmo plc for a consideration of £10,000. The transaction is expected to complete in the second half of 2022.

LIVERPOOL BAY CCS LIMITED

FINANCIAL STATEMENTS
FOR THE PERIOD FROM 10 FEBRUARY 2021 TO 31 DECEMBER 2021

REGISTERED OFFICE
Eni House
10 Ebury Bridge Road
London SW1W 8PZ

Registered number: 13194018

LIVERPOOL BAY CCS LIMITED

DIRECTORS AND REGISTERED OFFICE

BOARD OF DIRECTORS

M P Currie (appointed on 10 February 2021)
S Giammetti (appointed on 10 February 2021)
P D Hemmens (appointed on 10 February 2021)

SECRETARY

R D'Abreo

REGISTERED OFFICE

Eni House
10 Ebury Bridge Road
London SW1W 8PZ

REGISTERED IN ENGLAND NO: 13194018

LIVERPOOL BAY CCS LIMITED

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD FROM 10 FEBRUARY 2021 to 31 DECEMBER 2021

	Note	Share Capital	Retained Earnings	Total Shareholders' Equity
		£	£	£
Balance at 10 February 2021		10,000	-	10,000
Total comprehensive income for the period		-	-	-
Balance at 31 December 2021	3	**10,000**	**-**	**10,000**

LIVERPOOL BAY CCS LIMITED (Registered Number: 13194018)

BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 £
Current assets		
Trade and other receivables: amount due from parent company		**10,000**
Total assets		**10,000**
Shareholders' equity		
Share capital	*3*	**10,000**
Total shareholders' equity		**10,000**

For the period from 10 February 2021 to 31 December 2021, the company was entitled to exemption from audit under section 480 of the Companies Act 2006 relating to dormant companies.

The members have not required the company to obtain an audit in accordance with section 476 of the Companies Act 2006.

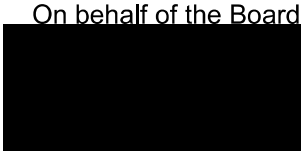
The directors acknowledge their responsibilities under the Companies Act 2006 for:

(i) ensuring the company keeps accounting records which comply with section 386; and

(ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial period, and of its profit or loss for the financial period, in accordance with the requirements of section 393, and which otherwise comply with the requirements of the Companies Act 2006 relating to accounts, so far as applicable to the company.

Approved by the Board on 26 May 2022.

On behalf of the Board



Philip Hemmens
Director

26 May 2022

1 The principal accounting policies adopted in the preparation of the financial statements are set out below:

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, IFRIC Interpretations and the Companies Act 2006 as applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

Cash flow statement

No cash flow statement has been prepared in accordance with International Accounting Standard ("IAS") 7 – Cash flow statements, as the company has been dormant during the period and has undertaken no transactions. The company had no cash and cash equivalents balances during the period from 10 February 2021 to 31 December 2021.

Related party transactions

The company has complied with the requirements of IAS 24 – Related party disclosures in these financial statements.

2 Parent undertakings

The company's immediate parent undertaking is Eni Lasmo Plc.

The company's ultimate parent undertaking, Eni SpA, a company incorporated in Italy, will produce consolidated financial statements for the period ended 31 December 2021 which will be available from [redacted] or Eni SpA, Direzioni e Uffici, Via Emilia 1, 20097, San Donato Milanese, (MI) Italy.

The parent company of the largest and smallest group into which the company is consolidated is Eni SpA.

3 Called up share capital

	2021
	£
Allotted and fully paid at 31 December (10,000 ordinary share of £1 each)	**10,000**

On 10 February 2021, the company was incorporated and issued 10,000 shares at £1.00 to Eni Lasmo plc.

Under the Companies Act 2006, there is no requirement for the company to have an authorised share capital and the company's Articles of Association do not set a maximum amount of shares that the company may allot.

4 Profit and loss account

During the financial period, the company received no income and incurred no expenditure meaning the company is dormant. Consequently, the company made neither a profit nor a loss.

Appendix B

ENI INTERNATIONAL BV FINANCIAL STATEMENT 2021 AND ENI SPA 2021 REPORT

Eni International BV

Annual Report 2021

Eni International BV

ANNUAL REPORT

Eni International BV

Registered Office in Amsterdam, the Netherlands
Commercial Register no.: 33.264.934
World Trade Center, Strawinskylaan 1725
1077 XX Amsterdam

BOARD OF DIRECTORS

Chairman
Francesco Esposito

Managing Director
Marco Vittorio Maria Bollini

Director
Francesca Zarri

Director
Caterina Quaranta

COMPANY'S INDEPENDENT AUDITOR

PricewaterhouseCoopers Accountants N.V.

CONTENT

Directors' report

We are pleased to submit the report on the activities of Eni International BV ("the Company") for the 2021 financial year.

General Information

The Company acts as an intermediate holding company for Eni SpA, a fully integrated oil and gas company engaged in all aspects of the petroleum business. The Company does in this capacity act as holding entity and although it has as such an essential function within the Eni group - it does not exercise any operational direct control over *the activities of* its shareholdings which remain their own. The comments made in this report, or the financial statements, are therefore only included for general information purposes. For a wider and more detailed insight into the ENI group, reference is made to the Eni SpA group accounts. The Company further provides Treasury and other financial support services to its investments.

The activities of the Company's investments include: (i) Exploration and Production companies engaged in exploration, development and production of oil and gas and other products; (ii) Midstream companies involved in the trading, transport and sale of natural gas; (iii) Refining and Marketing companies involved in the refining and distribution of petroleum products; (iv) Financial companies represented by Eni Finance International SA, the sole vehicle within Eni which centralizes the financing activity to the benefit of the non-Italian Eni companies and Banque Eni SA; (v) Energy Solution companies focused on the development of renewable energies and (vi) Other represented by Eni Rewind International BV, a company that will carry on and execute all kinds of environmental services.

The Company includes as at the balance sheet date the following investments:

- Exploration & Production (E&P): 64 companies;
- Midstream: 9 companies;
- Refining & Marketing (R&M): 22 companies;
- Financial: 3 companies;
- Energy Solution: 1 company;
- Other: 1 company.

Holding activities

The movements in investments are detailed per area of activities hereinafter:

Disposal of shareholdings

Energy Solutions
In December 2021, Eni Energy Solutions B.V. was sold to Eni Gas e Luce Spa for an amount of KUSD 15,004.

Exploration & Production
In September 2021, Eni Portugal BV was liquidated. The total profit reported by the company is KUSD 1,521.

Acquisition and new incorporation

The Company incorporated Eni Qatar BV with a share capital of KEUR 20 (KUSD 23) on May 17th, 2021, with the purpose of promoting, carrying on and executing all kinds of activities in the midstream field.

Capital contributions

During the year, the Company resolved capital contributions, in one or more instalments, to its participations as follows:

Capital increase

thousand US Dollars	**2021**	**Rationale**
Exploration & Production		
Eni Canada Holding Ltd.	1,285,000	Finance exploration activities
Eni Mozambique LNG Holding BV	518,000	Finance subsidiaries' investment
Eni Petroleum Co Inc	377,948	Finance exploration activities
Eni Abu Dhabi BV	370,000	Finance exploration activities
Eni Australia BV	110,996	Finance exploration activities
Eni Vietnam BV	83,000	Finance exploration activities
Eni Sharjah BV	75,500	Finance exploration activities
Eni Montenegro BV	53,936	Finance exploration activities
Eni Bahrain BV	46,000	Finance exploration activities
Eni Gabon SA	38,000	Finance exploration activities
Eni Cyprus Ltd	14,080	Finance exploration activities
Eni Oman BV	12,000	Finance exploration activities
Eni Isatay BV	11,200	Finance exploration activities
Eni Myanmar BV	7,500	Finance exploration activities
Eni Lebanon BV	5,400	Finance exploration activities
Eni JPDA 11-106 BV	4,500	Finance exploration activities
Eni Albania BV	4,200	Finance exploration activities
Eni Rak BV	3,800	Finance exploration activities
Eni South Africa BV	2,800	Finance exploration activities
Eni Energy Russia BV	2,500	Finance exploration activities
Eni Kenya BV	2,500	Finance exploration activities
Eni Ireland BV	1,700	Finance exploration activities
Eni Maroc BV	1,400	Finance exploration activities
Eni Iran BV	300	Finance exploration activities
Eni Ukraine Holdings BV	300	Finance exploration activities
Eni Denmark BV	200	Finance exploration activities
Eni South China Sea Ltd Sarl	100	Finance exploration activities
Eni Qatar BV	100	Finance exploration activities
Eni Qatar BV	24	Share capital
Energy Solutions		
Eni Petroleum Co Inc (Energy Solution division)	35,348	Finance renewable activities
Eni New Energy Pakistan (Private) Ltd.	7,118	Finance renewable activities
Gas & Power		
Eni Gas Liquefaction BV	427,000	Finance renewable activities
Société Energies Renouvelables Eni-ETAP S.A.	1,823	Finance renewable activities
Total	**3,504,273**	

Other holding activities

During the year, the Company resolved capital refunds, in one or more instalments, from its subsidiaries as follows :

Capital refund	
thousand US Dollars	**2021**
Exploration & Production	
Agip Caspian Sea BV	1,049,000
Eni Angola Production BV	274,360
Eni Muara Bakau BV	265,000
Eni Iraq BV	125,000
Eni China BV	14,200
Eni Portugal BV	4,109
Total	**1,731,669**

New guarantees

During the year the Company issued the following guarantees:

Exploration & Production	*In favor of*	*Securing*
Eni Algeria Exploration BV	BHP Billiton Petroleum (International Exploration) Pty. Ltd.	Financial Guarantee
Eni Mexico S. De.R.L. De C.V.	Sapura Energy Mexicana SAPI de C.V.	Financial Guarantee
Eni JPDA 03-13 Limited	Santos NA (19-12) Pty Ltd and Autoridade Nacional do Petroleo e Minerais	Performance Guarantee
Eni UK Ltd.	The Law Debenture Trust Corporation P.L.C.	Performance Guarantee
Eni Cote d'Ivoire Ltd	Republique de Cote d'Ivoire	Performance Guarantee
Eni UK Ltd.	The Law Debenture Trust Corporation P.L.C.	Performance Guarantee
Eni UK Ltd.	The Law Debenture Trust Corporation P.L.C	Performance Guarantee
Eni Mexico s. de.r.l. de c.v.	Saimexicana S.A. de C.V.	Financial Guarantee
Eni Mexico s. de.r.l. de c.v.	Saimexicana S.A. de C.V.	Financial Guarantee
Eni Algeria Exploration BV	Sonatrach	Financial Guarantee
Eni Algeria Exploration BV	Sonatrach	Performance Guarantee
Nigerian Agip Exploration Limited	BW ABO PTE. Ltd.	Performance Guarantee

Energy Solutions	*In favor of*	*Securing*
Eni North Sea Wind Ltd	Doggerbank Offshore Wind Farm Project 1 PROJCO Ltd	Performance Guarantee
Eni North Sea Wind Ltd	Doggerbank Offshore Wind Farm Project 2 PROJCO Ltd	Performance Guarantee
Eni New Energy US Inc.	Bluebell Solar Holdings II LLC	Financial Guarantee
Eni New Energy US Inc.	Bluebell Solar Holdings II LLC	Financial Guarantee
Brazoria County Solar Project Llc	First Solar Inc.	Financial Guarantee
Eni North Sea Wind Ltd	SSE Renewables Offshore Windfarm Holdings Ltd Equinor New Energy Ltd	Financial Guarantee

Dividends

Dividends from participations
During the year, the Company's participations resolved dividends for KUSD 3,713,941.

(thousands US Dollars)	**Africa**	**Asia**	**Europe**	**Oceania**	**Total**
E&P	2,659,000	27,000	918,958	15,250	3,620,208
Financial Services	0	0	27,361	0	27,361
Midstream	0	7,571	0	0	7,571
R&M	0	767	58,034	0	58,801
Total	**2,659,000**	**35,338**	**1,004,353**	**15,250**	**3,713,941**

Dividends to the shareholder
During 2021, the Company resolved dividends to its sole shareholder Eni SpA for an amount of KUSD 6,000,000 out of which KUSD 3,600,000 is payable as on December 31, 2021. The shareholder in turn made a capital contribution to the Company for KUSD 2,119,799.

	KUSD	
Total Dividends	6,000,000	
Paid	2,400,000	
Outstanding	**3,600,000**	Shown in Note 32
Interim Dividends	3,300,000	
Out of share premium	1,700,000	
Out of retained earning	1,000,000	
Total Dividends	**6,000,000**	
Cashed out	2,400,000	
Outstanding	**3,600,000**	Shown in Note 32 and in note 18

Share capital and Shareholder's equity

As of December 31, 2021, the Shareholder's equity amounts to KUSD 34,528,275 (2020: KUSD 35,920,681) and is detailed as follows:

(thousand US Dollars)	Dec 31, 2021	Dec 31, 2020
Share capital	726,803	787,313
Share premium	35,403,478	36,963,151
Legal reserve	463,009	436,484
Other reserves	(1,027,799)	(724,375)
Currency translation differences	(753,031)	(568,738)
(Accumulated deficit)/ retained earnings	(94,166)	1,006,318
Interim Dividends	(3,300,000)	0
Net result	3,109,981	(1,979,472)
Total	**34,528,275**	**35,920,681**

The authorised share capital consists of 250,000,000 ordinary shares of EUR 5 nominal value each. As of December 31, 2021, the issued and fully paid ordinary shares are 128,336,685 amounting to KEUR 641,683 which, translated into US dollars using the year-end exchange rate, amounts to KUSD 726,803 (KUSD 787,313 at December 31, 2020).

As at December 31, 2021, the shares are fully owned by Eni SpA.

As required by the Dutch Law, the legal reserve amounts to the portion of the results not freely distributable. This mainly relates to the Company's share of the shareholdings profit minus the related dividends of those shareholdings for which the Company cannot control the dividend distribution and the Company's share of the subsidiary's profit to be allocated to its legal reserve.

The other reserves are related to other non-monetary changes in the shareholdings' equity and to the currency translation difference on share capital.

The currency translation differences are related to the cumulative translation adjustments in the shareholdings equities if these are expressed in a different currency than US Dollar.

Compared to 2020, the decrease of KUSD 1,392,406 is summarised as follows:

(thousand US Dollars)	2021
Share Premium as per capital contribution from the shareholder	2,119,799
Share Premium as per Dividend distribution to the shareholder	(1,700,000)
Retained Earnings as per Dividend distribution to the shareholder	(1,000,000)
Net Results as per Interim Dividend distribution to the shareholder	(3,300,000)
Other Reserves as for other not monetary changes of the year	(437,893)
Currency translation differences as per Currency differences of the year	(184,293)
Result of the year	3,109,981
Total	**(1,392,406)**

Personnel and organization

On December 31, 2021 the Company had 45 employees (2020: 46).

Result for the period

The financial statements for the period show a net profit of KUSD 3,109,981 (2020: loss KUSD 1,979,472).

Income is recognised based upon the changes in equity of the Company's investments. In 2021, the company's investments generally benefit from higher oil prices compared to 2020.

Liquidity and solvency

Liquidity risk is the risk that suitable sources of funding for the Company's business activities may not be available. Through Eni SpA, the Company has access to a wide range of funding at competitive rates through capital markets and banks. In the current situation the Company believes it has access to sufficient funding to meet current foreseeable borrowing requirements.

The Company has a credit facility with subsidiary entity Eni Finance International (EFI) for an amount of KUSD 500,000 which was extended on December 14, 2021 till December 13, 2022. The credit line facility is with an affiliated party and expected to be renewed again next year.

The Company has an effective treasury management system to monitor the daily cash requirements and determine its dividend policy. Funds are only retained to meet its operating and work program obligations with excess funds returned to its Shareholder. Funds are available within the group through loans or capital injections based on the Company's financial requirements therefore minimizing the liquidity risk.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the balance sheet minus cash and cash equivalents). Total capital is calculated as "equity" as shown in the balance sheet plus net debt.

The total capital at December 31, 2021 and 2020 was as follows:

(thousand US Dollars)	**Dec. 31, 2021**	**Dec. 31, 2020**
Debt, current & long term	0	0
Less: cash and cash equivalents	(2,238,433)	(425,910)
Net debt	**(2,238,433)**	**(425,910)**
Total equity	34,528,275	35,920,681
Total capital	**32,289,842**	**35,494,771**
Gearing ratio	**0.00%**	**0.00%**

Other matters

Risk management policy

The Company operates internationally in the oil and natural gas industry and is subject to exposure to several categories of risks: country risks, strategic risks, financial risks, operating and related HSE risks, and evaluation in the legislation (regulatory risk).

As part of the Eni group the Company received centralized services in order to manage and mitigate such risks.

At a group level, Eni has developed and adopted a model for Integrated Risk Management (IRM) that targets to achieve an organic and comprehensive view of the Company's main risks, greater consistency among internally-developed methodologies and tools to manage risks and a strengthening of the organization awareness, at any level, that suitable risk evaluation and mitigation may influence the delivery of Corporate targets and value. The IRM has been defined and updated consistently with international principles and best practices. It is an integral part of the Internal Control and Risk Management System and is structured on three lines of defence:

- Risk owners, whose responsibility lies in risk assumption and related treatment measures;

- Risk control functions that cooperate in drafting the methodologies and risk management tools and perform control activities though structures that are independent from operating management;
- Independent assurance provider that provides independent certifications on the planning and functioning of risk management processes.

The Company's risk management system is an integral part of the IRM. For a background reading of the IRM, including the risk appetite and changes to the risk management system, reference is made to the integrated annual report of Eni SpA.

Country and strategic risks are monitored at a group level and relative decisions are taken by the Company in the larger group context. The main financial risks, operating and related HSE risks and evaluation in the legislation, as well as the Company's treatment measures are analysed by the central functions that support the directors of the Company. For further background reading we refer to the integrated annual report of Eni SpA.

Details about the financial risks and related controls are included in Note 7 to the financial statements.

Strategic risk

The Company is subject to political and legal dynamics in the countries in which it operates. Unexpected change to the governmental and regulatory framework is not uncommon. The control measures taken in relation to this risk and the expected impact on the results and/or financial position are managed at Group level and described in the Eni SpA's Annual report.

Operational risk

The Company's activities present industrial and environmental risks and are therefore subject to extensive governmental regulations concerning environmental protection and industrial security. The broad scope of the Company's activities involves a wide range of operational risks such as those of explosion, fire or leakage of toxic products, production of non-biodegradable waste.

All these events could possibly damage or even destroy wells as well as related equipment and other property, cause loss of oil and gas produced, cause injury or even death to persons or cause environmental damage. Since exploration and production activities may take place on sites that are ecologically sensitive, each site requires a specific approach to minimize the impact on the related ecosystem, biodiversity and human health.

The Company adopted stringent standards for the evaluation and management of industrial and environmental risks, complying with local and international best practices and standards. Business units evaluate through specific procedures the related industrial and environmental risks in addition to taking account of the regulatory requirements of the countries where these activities are located. Since 2003, the Company as part of Eni SpA has introduced a Model of management system, a general procedure to be applied in all its operating sites, based on an annual cycle of planning, implementation, control, review of results and definition of new objectives. The Model is directed towards the prevention of risks, the systematic monitoring and control of HSE performance in a continuous improvement cycle subject also to audits by internal and independent experts.

Financial performance risk

In addition, it is worth noting that the significant fall of oil and gas prices occurred in the last years and the consequent new Brent scenario constitute a considerable impact on the economic and financial profile of the oil & gas sector. Lower oil and gas prices over prolonged periods may adversely affect the Company's results of operations and cash flows and hence the funds available to finance expansion projects, further reducing the Company's ability to grow future production and revenues. In addition, they may reduce returns at development projects either planned or being implemented forcing the Company to reschedule, postpone or cancel development projects. Finally, lower oil and/or gas prices over prolonged periods may trigger a review of the future recoverability of

the Company's carrying amounts of oil and gas properties, resulting in the recognition of significant impairment charges.

Any strategic decisions related to current market circumstances, including the developments in oil prices, will be proposed at Eni group level with the participation of the management of the Company. The Company's management, in conjunction with the group, assesses the impact of changes in oil prices or other market circumstances on the valuation of the Company's assets and the financial reporting thereof. A sensitivity analysis regarding the impact of oil price at a group level is performed in the consolidated financial statements of Eni SpA.

Impact of COVID-19 pandemic

In 2021, the COVID-19 pandemic has waned due to effective measures to contain the spread of the virus and the effectiveness of the vaccine campaign in Western countries. This development paved the way to a gradual reopening of economic activities, which drove a strong rebound in the macroeconomic cycle also supported by accommodative monetary policies from central banks and large governmental stimulus of the economy. Rising demands for consumer and capital goods as well as increased mobility triggered a pent-up demand for all kinds of energy commodities and a significant rebound in crude oil and natural gas prices. The upward trend in prices gained momentum in the last quarter of 2021 supported by continued strength in underlying fundamentals: a robust demand, largely inelastic supplies due to years of underinvestment, capital discipline on part of international oil companies and continuing production management on part of the producers alliance of OPEC+, and finally uninterrupted inventory drawdowns with OECD oil and products storages decreasing at a pace of over 1 million barrels a day. As a result of these trends the price of the Brent crude oil benchmark gained more than 70% at 70 $/barrel and European natural gas prices surged more than 300%. Strength in hydrocarbons prices determined a significant improvement in the Company financial performance, earnings, cash flow and reduction in net borrowings. Looking forward, the main risk could be the detection of new virus variants, which possibly might elude vaccines triggering a new wave of lockdowns. Furthermore, rising energy costs have been spilling over to other sectors of the economy and could end up triggering a general increase in inflation levels and inflationary expectations on part of market participants and this could force central bank to act aggressively to curb inflation and inflationary expectations by rising interest rates, which could slowdown economic growth and hydrocarbons demands.

Risk of financial reporting

The Company relies on the Group systems and applies the Management System Guidelines (MSG) on financial reporting in order to minimize the risk of financial reporting.

Laws and regulations

No risks or uncertainty are envisaged in relation to laws and regulations. The Company complies with the legal framework in the counties where it operates and any difference in interpretation is readily discussed with the competent authority and rectified. Any impacts on the Company's accounts are described in the paragraph Legal and tax proceedings of the financial statements.

Going concern

The continuation of the Company is dependent on the financial support of the Shareholder. The Company's Board of Directors conclude that the Company's existing unutilized credit facility with Eni Finance International SA and the planned capital contributions as approved in the Budget of its Shareholder Eni SpA will enable the Company to meet its financial obligations when due and to continue operations as planned for the foreseeable future. The Board of Directors also note that it is the policy of Eni SpA, as long as it holds, directly or indirectly, the shares of wholly owned subsidiaries, to provide such subsidiaries with all necessary funds to enable its subsidiaries to meet all current and future obligations towards third parties. Taking into consideration all the above, the Board of Directors are convinced that the Shareholder will continue to provide financial support to

the Company and the accounting principles applied are based on the assumption that the Company will be able to continue as a going concern.

Management also considered the effects of COVID-19 pandemic and concluded that there's no liquidity concern for the next 12 months. The Company has a credit facility of KUSD 500,000 expiring on December 13, 2022 with Eni Finance International SA. The credit line facility is with an affiliated party and expected to be renewed. However, the Company is expected to generate sufficient cash flows to support its activities and does not plan to utilize this facility.

Whereas Eni Finance International SA can satisfy simultaneously new commitments towards operational companies only to the extent that the Eni SpA has no liquidity issues as a group, it has to be noted that Eni SpA as of December 31, 2021, retained undrawn uncommitted borrowing facilities amounting to €6,073 million and undrawn long-term committed borrowing facilities of €2,800 million.

The group has a solid financial structure and as a result of that its credit rating (from the 3 major institutions S&P, Fitch and Moody's) has not been reduced. The sole Shareholder Eni SpA maintains its A- rating from S&P.

Fraud and corruption

In order to fight any form of fraud and corruption, with no exception, the Company follows the Group's Model 231, which sets out responsibilities, sensitive activities and control protocols for crimes of corruption under Italian Legislative Decree 231/01 (including environmental crimes and crimes related to workers' health and safety). In addition, also an Anti-Corruption Compliance Program is in place, i.e. a system of rules and controls to prevent corruption crimes.

In addition, the ideals of legality and transparency are also contained in the Group's Code of Ethics, which is applicable to members of the administrative and control bodies and employees of Eni and to any third party who collaborates or works on behalf of Eni's interest. The regulatory reference to manage and report potential violations of the Code of Ethics is the specific procedure "Annex C – Whistleblowing reports received, including anonymously, by Eni SpA and by its subsidiaries in Italy and abroad".

Furthermore, being inspired by the principles of its Code of Ethics, the MSG Anti-Corruption and in Eni's Statement on respect for Human Rights, all the companies of the Group have adopted a Supplier's Code of Conduct, which describes the minimum requirements and expectations that all their suppliers are required to meet, in order to continuously improve their activities and services, optimized by developing, whenever possible, innovative technology, in digital terms too.

During the year there were no new instances of fraud reported.

Cyber-security

Cyber security and industrial espionage refer to cyber-attacks aimed at compromising information (ICT) and industrial (ICS) systems, as well as the subtraction of the Company's sensitive data. A centralized governance model of Cyber Security is in place at Group level, with units dedicated to cyber intelligence and prevention, monitoring and management of cyber-attacks. The measures devised by the model are cascaded to all the companies of the Group and the Company adopted the relevant MSG's and procedures.

These measures include strengthening of cyber-security operations infrastructures and services; the enhancement of workstation protection systems for surfing the Internet and e-mail, and strengthening of monitoring following the intensive use of smart working due to the COVID-19 emergency; constant updating and alignment of the rules dedicated to the information security management and data protection; operating plans aimed at increasing security of industrial sites, training and awareness

initiatives dedicated to the employees; strengthening of the corporate culture in the cyber-security with particular focus to the behaviors to be adopted (e.g. safe smart working).

No cases of breach of cyber-security occurred during the year.

Climate-related risks

Climate change refers to the possibility of change in scenario and climatic conditions, which may generate physical risks and accelerate the energy transition, which comprises regulatory, market, technological and reputational risks which could adversely and significantly impact the Company's business in the short, medium and long term.

The Company's strategy outlines a non-reversible path of business transformation, which will lead to the "zero net emissions" goal in the Company's products and production processes by 2050, placing the most challenging ambitions of the Paris Agreement at the center of the Company's action, in order to contribute to the achievement of the UN's 17 Sustainable Development Goals and to create sustainable value for all the stakeholders. The evolution of the Company's industrial structure will leverage on the decarbonization of products and industrial processes. These actions coupled with financial and capital discipline will underpin the Company's resilience to the volatility of the scenario.

On June 4, 2020, Eni announced an organizational restructuring with the primary goal of effectively managing the energy transition and aligning with the Group's decarbonization strategy. This resulted in the business groups "Natural resources" and "Energy Evolution." In addition, on February 19, 2021, Eni formally committed to a tangible zero emissions strategy, with the goal of carbon neutrality by 2050. The key points of this strategy overlay the majority of Eni's published data on the topic of climate change.

The Company is committed to a medium and long-term plan to 2050, which combines business development guidelines for progressive industrial transformation with ambitious targets for reducing GHG emissions associated with energy products sold by the Company as well as offsetting emissions. Furthermore, the Company is exposed to the risk of material environmental liabilities in addition to the provisions already accrued in the Financial Statements.

Furthermore, the Group is involved in a number of initiatives focused on the transition: Sustainability-linked financing framework (SLFF), a document that establishes an approach to link Eni's sustainability strategy with its funding policy.

More specifically to the Company, a reflection on the HSE KPI's is included in the relevant paragraph of the Operating review.

As regards the most important risks and uncertainties, the analysis of environmental and climate-related risks are included in the IRM assessment (including physical and transition risks). This assessment is performed centrally (Headquarters) and locally (subsidiary and/or Branch) by company and by Country and, according to the level of impact and probability, it is assigned a specific priority. When the climate-related risks are included in tiers 1 or 2, a specific disclosure is discussed by the Board and included in this document.

The environmental and climate-related risks against which the assessment is made, wherever possible, are as follows:

- Long-term price scenarios: changes in costs of certain carbon intensive products as a result of existing and anticipated prohibitive measures and in alternative products as a result of a shift in supply & demand should be reflected in the long-term price scenario of the Company, which is used as a basis in a number of accounting activities, including execution of impairment and recoverability tests across the organization. Eni's process to develop the pricing scenario is rooted in widely published third-party forward curves for commodity prices (e.g. Brent crude, etc.), which inherently consider these factors, therefore the Company does not separately develop expectations related to these specific impacts.

Consistently with the Company's strategy to reach net zero emission in 2050, the management has outlined and action plan to identify the milestones of the Company's transition to net zero including a gradual reduction in hydrocarbons production over the long term and the phase out of oil production by that date and the associated projections of future hydrocarbons prices and costs. Future hydrocarbons prices are a critical accounting estimates in the recoverability test of the carrying amounts of oil&gas properties because they are the main value driver and due to the fact they require management's judgement on highly uncertain matters such as evolution of global climate policies, the pace of energy transition, changes in the global energy mix, the balance between global oil and gas demands, the evolution in consumer's preferences, the pace of technological progress, the adoption of EVs and other market trends. Long-term prices are based on management view of the fundamentals shaping future demands and supplies. Forecasts for the short to the medium term also incorporates projections made by investment banks and other specializes observatories and forward prices. Based on this review, in 2021 impairment test we have adopted a long term Brent price of 62 $/bbl in USD 2020 until 2035 then declining to 46 $ in 2050 to take into account the effects of the energy transition; for the short term considering the recent strength in crude oil market we have assumed 80-75 $/bbl respectively in 2022 and 2023. Long-term natural gas prices for the European benchmark have been assumed at 6.9 $/mmBTU in USD 2020 in the period 2025-2045, then declining to 6.3 in 2050. In the short-term considering the current tightness of the global gas market, we have assumed 21.2 $ and 14.3 $/mmBTU respectively in 2022-2023.
We believe that leveraging this approach and by systematically reviewing the recoverability of its oil and gas properties, also considering that useful lives of our assets do not exceed ten years, risks are low of having stranded assets in our balance sheet,

- Long-lived asset recoverability tests: the targets established by the Company have the most potential to impact the assets largely associated with traditional carbon-intensive energy sources and are most likely to be the assets affected in a negative manner as a result of the commitments made by Eni, including the gradual shift in production from crude to gas. Management's existing recoverability models incorporate an estimate of operating costs to reduce and offset the effects of emissions (i.e. carbon credits/certificates) for CGU's in territories where there is enacted legislation with measurement guidance. Management performs an additional, second-level impairment assessment considering total estimated operating expenses for forestry credits/certificates in the E&P sector level, treating it as a consolidated CGU for this purpose given the costs are not directly allocable to specific CGU's. the Company over time has selected its capital projects in a way which is aligned with ist strategy and long-term goals. Assets under development must comply with a set of criteria including a short pay-back period, a low break-even price and an emission profile which is consistent with the targets of gradual reduction in the Company's carbon footprint. Exploration investment have been directed towards context which are simple and easy to develop; development activities are designed to allow fast start-up, phased and modular approach and reduced financial exposure. All these levers have gradually reduced the time to market of our reserves. These exploration and development actions are intended to reduce risks of assets being written off as a result of the energy transition.
- Recognition and subsequent management of ARO: the Company recognizes provisions for site decommissioning and restoration when (i) it is probably that a current obligation, legal or constructive, arising from a past event exists; (ii) it is probable that meeting the obligation will be onerous; and (iii) the amount of the obligation can be reliably estimated. ARO's are regularly recorded as part of existing processes specific to individual wells, however, the measurement of these obligations is not directly related to climate change strategy as the plans and timeline to achieve the strategic goals are not yet associated with specific wells. If it determined that a specific well will need to stop producing as a result of specific climate-related plans, the ARO amortization and discount would be adjusted accordingly.

The risk assessment for the year did not highlight any significant tier-1 or 2 risks related to environment or climate change for the Company.

Corporate governance and responsibility

The Corporate governance and responsibility follows the group policy and guidelines and is integrated with the group processes. The Group's Sustainability Report and the information about the compliance with the codes of conduct are available on the website [redacted]

Internal and quality control

The Company makes use of the Group's internal control. Eni has adopted an integrated and comprehensive internal control and risk management system at different levels of the organizational and corporate structure, based on reporting tools, organizational units, regulations, corporate rules and reporting flows between the various control levels and to the management and control bodies of the Company and its subsidiaries. A detailed description on the system is contained in the Annual report of Eni SpA.

The same applies to quality controls, which is contained in the Group's Consolidated disclosure of non-financial information.

Board composition

The current board is comprised of 2 males and 2 female board of directors (50% male and 50% female). The Company takes gender diversity into account as much as possible in its appointments and aims at a representation of at least 30% of either gender in the Board of Directors.

Subsequent Events

The subsequent events occurred after the year-end are the following:

During January 2022, Vår Energi announced the IPO and application for the listing on the Oslo Stock Exchange wherein the offer period expired on February 15, 2022. Eni's Share decreased from 69.85% to 64.25% resulting in cash in of approximately 428 million USD.

On February 14, 2022, the Company issued a replacement Parent Company Guarantee in favor of the Sharjah Petroleum Council for an amount of KUSD 10,000 related to a farmout agreement of 25% of the obligations under the Area C concession.

On February 18, 2022, the Company issued a Parent Company Guarantee in favor of RBC-Corazon Holding Company LLC for an amount of KUSD 130,000 in respect of the tax equity agreement related to the acquisition of a photovoltaic plant in southwestern Texas.

On February 18, 2022, the Company issued a Parent Company Guarantee in favor of BayWa r.e. Development LLC for an amount of KUSD 26,084 in respect of a Membership Interest Purchase Agreement related to the acquisition of a storage project under development in southwestern Texas.

On February 21, 2022, the Company issued two Parent Company Guarantees in favor of Baker Hughes de Mexico S. de R.L. de C.V. for a total amount of KUSD 27,000 in respect of several service contracts.

On February 21, 2022, the Company issued five Parent Company Guarantees in favor of Halliburton de Mexico S. de R.L. de C.V. for a total amount of KUSD 90,000 in respect of several service contracts.

On March 15, 2022, the Company subscribed shares in a Special Purpose Acquisition Company (SPAC) named New Energy One Acquisition Corporation Plc (NEOAC), floated in the London Stock Exchange for a total amount of KGBP 19,470, with the purpose of identifying an investment in the decarbonization strategy.

The crisis in the relationships between Russia and Ukraine in February 2022 gave rise to an open conflict on a large scale. The full effects of the crisis on the economic and financial performance of the Company in 2022 is currently unpredictable. Based on analysis of impact of sanctions imposed by the US and the EU and assessment performed, the conclusion is that there is no significant impact for the Company as it has no relations with the Russian government or sanctioned parties.

The Group has announced the intention to exit the joint operation Blue Stream (Eni 50%), which runs the pipeline for the transport of natural gas from the Russian Federation through the Black Sea.

Future developments

The short-term recovery of the crude oil and gas prices will depend on how the current COVID-19 crisis unfolds and on how long it lasts. Under the worst of the assumptions, the spread of the disease could extend the actual economic crisis which could materially hit demand for energy products and prices of energy commodities.

This scenario could be further complicated in case of a faltering OPEC+ policy at supporting prices and promoting production cuts. These trends could have a material and adverse effect on our results of operations, cash flow, liquidity and business prospects, including shareholders' returns.

The evolution of Company's financial situation in 2022 will depend, in addition to management initiatives, by the oil price trends closely correlated to the evolution of the pandemic crisis.

The Company will continue with its current investment activity in exploration and development and production programs as described above. For the financing of these activities the company will seek financing through the Eni Group's finance affiliates if necessary. In addition to the current liquidity situation, the Company can leverage on Eni SpA's solid business model and actions finalized or started in this year that have increased the resilience of the scenario.

No developments are expected in the workforce.

Research and Development (R&D)

The Company carried out research and development activities during the year for KUSD nil (2020: KUSD nil).

Signed by the Board of Directors in Amsterdam on March 15, 2022:

Francesco Esposito
Chairman

_____

Marco Vittorio Maria Bollini
Managing Director

_____

Francesca Zarri
Director

_____

Caterina Quaranta
Director

_____

Financial statements

Balance sheet as at December 31, 2021

(thousand US Dollars)	Note	Dec. 31, 2021	Dec. 31, 2020
ASSETS			
Current assets			
Cash and cash equivalents	8	2,238,433	425,910
Trade and other receivables	9	53,757	43,604
Current tax assets	10	0	14,577
Assets for other current taxes	11	998	1,122
Total current assets		**2,293,188**	**485,213**
Non-current assets			
Property, plant and equipment	12	29,519	29,546
Leasing right-of-use assets	13	2,030	2,704
Equity-accounted investments – Controlled Companies	14	35,850,330	34,732,650
Equity-accounted investments – Joint Ventures and Associates	14	1,576,514	2,325,955
Other Investments	14	4,499	4,523
Other financial assets	15	4,727	6,880
Deferred tax assets	16	97,484	98,514
Total non-current assets		**37,565,103**	**37,200,772**
TOTAL ASSETS		**39,858,291**	**37,685,985**
LIABILITIES AND SHAREHOLDER'S EQUITY			
Current liabilities			
Non-current lease liabilities - current portion	17	640	620
Trade and other payables	18	3,640,551	17,327
Other tax payables	19	243	276
Total current liabilities		**3,641,434**	**18,223**
Non-current liabilities			
Non-current lease liabilities	20	1,259	1,933
Provisions	21	1,571,873	1,630,091
Other non-current liabilities	22	115,450	115,057
Total non-current liabilities		**1,688,582**	**1,747,081**
TOTAL LIABILITIES		**5,330,016**	**1,765,304**
SHAREHOLDER'S EQUITY			
Share capital	23	726,803	787,313
Share premium		35,403,478	36,963,151
Legal Reserve		463,009	436,484
Cumulative currency transl. diff.		(753,031)	(568,738)
Other reserves		(1,027,799)	(724,375)
Interim Dividends		(3,300,000)	0
(Accumulated Deficit)/ Retained earnings		(94,166)	1,006,318
Net result		3,109,981	(1,979,472)
TOTAL SHAREHOLDER'S EQUITY		**34,528,275**	**35,920,681**
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		**39,858,291**	**37,685,985**

Profit and loss account for the year ended December 31, 2021

(thousand US Dollars)	Note	**2021**	**2020**
Revenues			
Other income and revenues	24	13,874	14,784
		13,874	**14,784**
Operating expenses			
Purchases, services and other	25	(10,253)	(6,339)
Payroll and related costs	26	(5,761)	(5,978)
Depreciation and amortization	27	(748)	(745)
Losses on de-recognitions/extinctions	28	0	(5,000)
Operating result		**(2,888)**	**(3,278)**
Finance income	29	39,299	39,778
Finance expense	30	(3,087)	(13,550)
Finance income/(expense) - net		**36,212**	**26,228**
Share of profit/ (loss) equity-accounted investments		3,078,791	(2,005,513)
Financial fixed assets/ (liabilities)		**3,078,791**	**(2,005,513)**
Result before income taxes		**3,112,115**	**(1,982,563)**
Income taxes	31	**(2,134)**	**3,091**
Net result		**3,109,981**	**(1,979,472)**

Statement of comprehensive income for the year ended December 31, 2021

(thousand US Dollars)	**2021**	**2020**
Net result	**3,109,981**	**(1,979,472)**
Other items of comprehensive (loss)/ income		
Items that are not reclassified to profit or loss in later periods:		
Share of other comprehensive income in equity-accounted investments	32,211	24,014
Items that may be reclassified to profit or loss in later periods:		
Currency translation differences	(184,293)	77,962
Total other items of comprehensive (loss)/ income	**(152,082)**	**101,976**
Total comprehensive income/ (loss)	**2,957,899**	**(1,877,496)**

Statement of changes in Shareholder's equity for the year ended December 31, 2021

(thousand US Dollars)	Note	Share capital	Share premium	Legal Reserve	Cumulative currency transl. diff.	Other reserves	Interim Dividends	Retained earnings/ (Accumulated deficit)	Net result	Total
Balance January 1, 2020		**720,643**	**30,463,151**	**1,480,585**	**(646,700)**	**(845,512)**	**0**	**6,544,663**	**2,916,854**	**40,633,684**
Net result		*0*	*0*	*0*	*0*	*0*	*0*	*0*	*(1,979,472)*	*(1,979,472)*
Items of other comprehensive income										
Share of other comprehensive loss in equityaccounted investments		*0*	*0*	*0*	*0*	*24,014*	*0*	*0*	*0*	*24,014*
Total comprehensive result		**0**	**0**	**0**	**0**	**24,014**	**0**	**0**	**(1,979,472)**	**(1,955,458)**
Shareholder contribution		0	6,500,000	0	0	0	*0*	0	0	6,500,000
Dividend distribution		0	0	0	0	0	*0*	(9,416,854)	0	(9,416,854)
Result previous year carried forward		0	0	0	0	0	*0*	2,916,854	(2,916,854)	0
Currency translation adjustment		66,670	0	0	77,962	(66,670)	*0*	0	0	77,962
Other movements related to participations		0	0	(1,047,712)	0	81,347	*0*	1,047,712	0	81,347
Other changes		0	0	3,611	0	82,446	*0*	(86,057)	0	0
Balance December 31, 2020	23	**787,313**	**36,963,151**	**436,484**	**(568,738)**	**(724,375)**	**0**	**1,006,318**	**(1,979,472)**	**35,920,681**
Net result		*0*	*0*	*0*	*0*	*0*	*0*	*0*	*3,109,981*	*3,109,981*
Items of other comprehensive income										
Share of other comprehensive loss in equityaccounted investments		*0*	*0*	*0*	*0*	*32,211*	*0*	*0*	*0*	*32,211*
Total comprehensive result		**0**	**0**	**0**	**0**	**32,211**	**0**	**0**	**3,109,981**	**3,142,192**
Shareholder contribution		0	*2,119,799*	0	0	0	0	0	0	2,119,799
Dividend distribution		0	(1,700,000)	0	0	0	(3,300,000)	(1,000,000)	0	(6,000,000)
Result previous year carried forward		0	(1,979,472)	0	0	0	0	0	1,979,472	0
Currency translation adjustment		(60,510)	0	0	(184,293)	60,510	0	0	0	(184,293)
Other movements related to participations		0	0	0	0	(470,104)	0	0	0	(470,104)
Other changes		0	0	26,525	0	73,959	0	(100,484)	0	0
Balance December 31, 2021	23	**726,803**	**35,403,478**	**463,009**	**(753,031)**	**(1,027,799)**	**(3,300,000)**	**(94,166)**	**3,109,981**	**34,528,275**

Statement of cash flows for the year ended December 31, 2021

(thousand US Dollars)	Note	2021	2020
Cash flow from operating activities			
Net result		3,109,981	(1,979,472)
Adjustments to reconcile net profit/ (loss) to net cash provided by operating activities:			
Depreciation and amortization	27	748	745
Write-off	28	-	5,000
Share of (profit)/ loss of equity-accounted investments		(2,999,983)	2,133,375
Dividend income		(75,636)	(127,862)
Interest income	29	(1,502)	(4,966)
Interest expense	30	86	63
Income taxes	31	2,134	(3,091)
Other changes		(2,977)	(1,369)
Net loss/ (gain) on disposal of assets		335	(2)
- trade receivables	*9*	*650*	*2,419*
- provisions for contingencies	*21*	*(1,805)*	*7,139*
- other assets and liabilities		*(33,078)*	*(16,754)*
Cash flow from changes in working capital		(34,233)	(7,196)
Dividends received		3,797,134	2,290,488
Interest received		1,704	5,191
Interest paid		(23)	(63)
Income taxes received/ (paid), net of tax receivables received		13,473	(373)
Net cash flow generated from operating activities		**3,811,241**	**2,310,468**
Cash flow from investing activities			
Investing activities:			
- tangible assets	*12*	*(20)*	*(1,417)*
- Capital increase paid to investments	*14*	*(3,504,273)*	*(306,968)*
- financing receivables		*1,795*	*(5,522)*
- change in payables and receivables in relation to investing activities and capitalized depreciation		*38,000*	*(20,845)*
Cash flow from investing activities		(3,464,498)	(334,752)
- Capital reimbursment received from investments	*14*	*1,746,673*	*1,047,900*
- Equity accounted investments decrease		*-*	*3*
Cash flow from disposals		1,746,673	1,047,903
Net cash flow generated (used for)/ from investing activities		**(1,717,825)**	**713,151**
Cash flow from financing activities			
Repayments of debts for leases	20	(692)	-
Net capital contributions by Shareholder	23	2,119,799	6,500,000
Dividends paid to Shareholder	23	(2,400,000)	(9,416,854)
Net cash used for financing activities		**(280,893)**	**(2,916,854)**
Net cash flow of the year		**1,812,523**	**106,765**
Cash and cash equivalents - beginning of the year	**8**	**425,910**	**319,145**
Cash and cash equivalents - end of the year	**8**	**2,238,433**	**425,910**

Notes to the financial statements

1. General

Group structure and activities

Eni International BV ("the Company") (commercial register no.: 33.264.934), is the holding company of Eni SpA ("Eni"), based in Rome, Italy, the sole shareholder and the direct Parent Company. Eni constitutes a fully integrated oil and gas company, engaged in all aspects of the petroleum business. The Company does in this capacity act as a pure holding entity and as such does not exercise any (direct) operational control over its investments. The comments made in this report, or the financial statements, are therefore only included to the extent that these are relevant to this holding function. For a wider and more detailed insight into the Eni group, reference is made to the Eni SpA group accounts. The Company further provides Treasury and other financial support services to its investments. The country of domicile is The Netherlands.

The activities of the Company's investments include: (i) E&P companies engaged in exploration, development and production of oil and gas and other products; (ii) Midstream and Downstream companies involved in the trading, transport and sale of natural gas; (iii) R&M companies involved in the refining and distribution of petroleum products and (iv) Energy Solutions companies focused on the development of renewable energies (v) financial companies represented by Eni Finance International SA, the sole vehicle within Eni which centralizes the financing activity to the benefit of the non-Italian Eni companies and Banque Eni SA and (vi) other companies that will carry on and execute all kinds of environmental services.

Separate financial statements

As required by Part 9, Book 2 of the Dutch Civil Code the Company has to prepare company only financial statements, for which the possibility of article 362.8 is used to apply IFRS as endorsed by the European Union. In accordance with 'IFRS 10 Consolidated Financial Statements' the consolidated financial statements have not been presented. The accounts as prepared are separate financial statements. The Company's assets, liabilities and results are consolidated into the accounts of Eni SpA, a company incorporated in Italy. Accordingly, the consolidated financial statements of Eni SpA for the year ended December 31, 2021 are available on [redacted]

2. Significant accounting principles

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by the European Union and pursuant to Article 6 of the EC Regulation No. 1606/2002, of the European Parliament and of the Council of July 19, 2002 and in accordance with the statutory provisions of Part 9, Book 2, of the Dutch Civil Code.

The financial statements have been prepared on a historical cost basis, taking into account where appropriate of any value adjustments, except for certain items that under IFRS must be recognized at fair value as described in the summary of significant accounting policies paragraph.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

The financial statements approved by the Company's Board of Directors on March 15, 2022 were audited by the independent auditor PricewaterhouseCoopers Accountants N.V.

Amounts in the financial statements and in the notes are expressed in thousands of US dollar, unless stated otherwise.

Foreign currency translation

The financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

The financial statements are presented in thousands of US dollar which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the date of the transactions.

Monetary assets and liabilities in currencies other than the functional currency are converted by applying the year end exchange rate. The effect is stated in the profit and loss account.

Non-monetary assets and liabilities in currencies other than the functional currency, which are measured in terms of historical cost in a foreign currency, are translated using the exchange rate at the date of transactions.

Financial statements of foreign operations having a functional currency other than the US dollar, that represents the parent's functional currency, are translated into US dollar using the closing rate at the date of the balance sheet for assets and liabilities, the historical exchange rates for equity and the average rates for the profit and loss account and statement of cash flows.

The exchange rates used for conversion in USD are as following:

	2021		2020	
	Average	**Dec. 31**	**Average**	**Dec. 31**
Currency				
Euro (EUR)	1.18285	1.13265	1.14180	1.22695
Pound sterling (GBP)	1.16334	1.19041	1.28352	1.36624
Norwegian krone (NOK)	0.09843	0.10016	0.10648	0.11720

Going concern

The continuation of the Company is dependent on the financial support of the Shareholder. The Company's Board of Directors conclude that the Company's existing unutilized credit facility with Eni Finance International SA will enable the Company to meet its financial obligations when due and to continue operations as planned for the foreseeable future. The Board of Directors also note that it is the policy of Eni SpA, as long as it holds, directly or indirectly, the shares of wholly owned subsidiaries, to provide such subsidiaries with all necessary funds to enable its subsidiaries to meet all current and future obligations towards third parties. Taking into consideration all the above, the Board of Directors are convinced that the Shareholder will continue to provide financial support to the Company and the accounting principles applied are based on the assumption that the Company will be able to continue as a going concern.

Management also considered the effects of COVID-19 pandemic and concluded that there's no liquidity concern for the next 12 months. The Company has a credit facility of KUSD 500,000 expiring on December 13, 2022 with Eni Finance International SA. The credit line facility is with an affiliated party and expected to be renewed. However, the Company is expected to generate sufficient cash flows to support its activities and does not plan to utilize this facility.

Whereas Eni Finance International SA can satisfy simultaneously new commitments towards operational companies only to the extent that the Eni SpA has no liquidity issues as a group, it has to be noted that Eni

SpA as of December 31, 2021, retained undrawn uncommitted borrowing facilities amounting to €6,073 million and undrawn long-term committed borrowing facilities of €2,800 million.

The group has a solid financial structure and as a result of that its credit rating (from the 3 major institutions S&P, Fitch and Moody's) has not been reduced. The sole Shareholder, Eni SpA maintains its A- rating from S&P.

3. Summary of significant accounting principles

The most significant evaluation accounting policies used for the preparation of the Financial Statements are described below.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, the Company's current bank accounts and short-term deposits originally due, generally, within 90 days, readily convertible to known amount of cash and subject to an insignificant risk of changes in value.

Cash deposited in some bank accounts held with Banque Eni SA (BESA)[1] may be subject to cash pooling arrangements with the ultimate parent company Eni SpA[2]. The Company has the full availability of these bank accounts without any restrictions; neither BESA nor the ultimate parent company can block withdrawals. Cash pooling accounts are balanced on a daily basis and the true intent of these accounts is to ensure settlements of payments to vendors and/or cash collections from customers.

Deposits held with Eni Finance International S.A. (EFI)[3] are classified as cash equivalents considering that: (i) they are highly liquid, available on demand or in the short term and have terms that are similar to those which would be expected if the deposits had been made with an independent third party financial institution; (ii) EFI maintains sufficient cash and liquid resources, along with access to credit lines, to meet all intercompany obligations simultaneously. The Company has full availability of the deposits held with EFI (i.e. no restriction to modify maturity date); if the Company needs to anticipate or terminate earlier a deposit, there is no penalty on the change of period requested.

Financial assets

Financial assets are classified, on the basis of both contractual cash flow characteristics and the entity's business model for managing them, in the following categories: (i) financial assets measured at amortized cost; (ii) financial assets measured at fair value through other comprehensive income (hereinafter also OCI); (iii) financial assets measured at fair value through profit or loss.

At initial recognition, a financial asset is measured at its fair value; at initial recognition, trade receivables that do not have a significant financing component are measured at their transaction price.

After initial recognition, financial assets whose contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortized cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows (the so called hold to collect business model). For financial assets measured at amortized cost, interest income determined using the effective interest rate, foreign exchange differences and any impairment losses are recognized in the profit and loss account (see paragraph "Impairment of financial assets").

Conversely, financial assets that are debt instruments are measured at fair value through OCI (hereinafter also FVTOCI) if they are held within a business model whose objective is achieved by both collecting

[1] BESA is a Belgian regulated bank subject to the banking regulatory requirements.
[2] Although Eni SpA is not a financial institution, it performs its financial activities in a strong control environment, within specific Board approved limits.
[3] EFI is the company responsible for the centralized funding of some foreign Eni Group companies and for collecting their financial surpluses.

contractual cash flows and selling financial assets (the so called hold to collect and sell business model). In these cases: (i) interest income determined using the effective interest rate, foreign exchange differences and any impairment losses are recognized in the profit and loss account (see paragraph "Impairment of financial assets"); (ii) changes in fair value of the instruments are recognized in equity, within other comprehensive income. The accumulated changes in fair value, recognized in the equity reserve related to other comprehensive income, is reversed into the profit and loss account when the financial asset is derecognized.

When the purchase or sale of a financial asset is under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the market place concerned, the transaction is accounted for on the settlement date.

Impairment of financial assets

The expected credit loss model is adopted for the impairment of financial assets that are debt instruments, but are not measured at fair value through profit or loss.

In particular, the expected credit losses are generally measured by multiplying: (i) the exposure to the counterparty's credit risk net of any collateral held and other credit enhancements (Exposure At Default, EAD); (ii) the probability that the default of the counterparty occurs (Probability of Default, PD); and (iii) the percentage estimate of the exposure that will not be recovered in case of default (Loss Given Default, LGD), considering the past experiences and the range of recovery tools that can be activated (e.g. extrajudicial and/or legal proceedings, etc.).

With reference to trade and other receivables, Probabilities of Default of counterparties are determined by adopting the internal credit ratings already used for credit worthiness and are periodically reviewed using, inter alia, back-testing analyses; for government entities (e.g. National Oil Companies), the Probability of Default, represented essentially by the probability of a delayed payment, is determined by using, as input data, the country risk premium adopted to determine WACC for the impairment review of non-financial assets.

Considering the characteristics of the reference markets, counterparties undergoing litigation, restructuring or renegotiation, or in any case with debt position with more than 180 days past due, are considered to be in default. Counterparties are considered undergoing litigation when extrajudicial/legal proceedings aimed to recover a receivable have been activated or are going to be activated. Impairment losses of trade and other receivables are recognized in the profit and loss account, net of any reversal, within the line item of the profit and loss account "Net write-ups of value (impairment losses) of trade and other receivables".

The financing receivables held for operating purposes, granted to associates and joint ventures, for which settlement is neither planned nor likely to occur in the foreseeable future and which in substance form part of the entity's net investment in these investees, are tested for impairment, first, on the basis of the expected credit loss model and, then, together with the carrying amount of the investment in the associate/joint venture, in accordance with the criteria indicated in the accounting policy for "The equity method of accounting". In applying the expected credit loss model, any adjustments to the carrying amount of long-term interest that arise from applying the accounting policy for "The equity method of accounting" are not taken into account.

Financial liabilities

Financial liabilities, other than derivative financial instruments, are measured at amortized cost. See above the accounting policy for financial assets and held-to-maturity financial assets.

Offsetting of financial assets and liabilities

Financial assets and liabilities are set off in the balance sheet if the Company has a legally enforceable right to set off and intends to settle on a net basis (or to realize the asset and settle the liability simultaneously).

Property, plant and equipment

Property, plant and equipment are recognized using the cost model and stated at their purchase or construction cost, including any costs directly attributable to bringing the asset capable of operating. In addition, when a substantial period of time is required to make the asset ready for use, the purchase price or construction cost includes the borrowing costs incurred that could have otherwise been avoided if the expenditure had not been made. In the case of a present obligation for the dismantling and removal of assets and restoration of sites, the carrying value includes, with a corresponding entry to a specific provision, the estimated (discounted) costs to be incurred at the moment the asset is retired. Changes in estimates of the carrying amounts of provisions, due to the passage of time and for changes in the discount rates are recognized as described in the accounting policy for “Provisions”.

Property, plant and equipment are not revalued for financial reporting purposes.

Expenditures on upgrading, revamping and reconversion which provide additional economic benefits are recognized as items of property, plant and equipment when it is probable that they will increase the expected future economic benefits of the asset. Assets acquired for safety or environmental reasons, although not directly increasing the future economic benefits of any existing item of property, plant and equipment, are recognized as assets when they are necessary to obtain future economic benefits from other tangible assets. Property, plant and equipment are depreciated systematically from the moment they begin or should begin to be used, using the Unit of Production (UOP) or a straight-line method over their useful life. When tangible assets are composed of more than one significant element with different useful lives, each component is depreciated separately. The amount to be depreciated is in the book value less the estimated net realizable value at the end of the useful life, if it is significant and can be reasonably determined. Land is not depreciated, even when purchased with a building.

Tangible assets held for sale are not depreciated. Any change to the depreciation plan, deriving from changes in the asset’s useful life, in its residual value or in the pattern of consumption of the economic benefits embodied in the asset, shall be recognized prospectively.

Assets that can be used free of charge by third parties are depreciated over the shorter term of the duration of the concession or the asset’s useful life.

Replacement costs of identifiable components in complex assets are capitalized and depreciated over their useful life; the residual book value of the component that has been substituted is charged to the statement of comprehensive income. Leasehold improvement costs are depreciated over the useful life of the improvements or, if lower, over the residual length of the lease, considering any renewal period if renewal depends entirely on the lessee and is virtually certain. Expenditures for ordinary maintenance and repairs are expensed as incurred.

The carrying value of property, plant and equipment is reviewed for impairment whenever events indicate that the carrying amounts for those assets may not be recoverable. The recoverability of an asset is assessed by comparing its carrying value with the recoverable amount, which is the higher of fair value of fair value less costs to sell or its value in use. Value in use is the present value of the future cash flows expected to be derived from the use of the asset and, if significant and reasonably determinable, the cash flows deriving from its disposal at the end of its useful life, net of disposal costs. Expected cash flows are determined on the basis of reasonable and documented assumptions that represent the best estimate of the future economic conditions during the remaining useful life of the asset, giving more importance to independent assumptions.

With reference to commodity prices, management assumes the price scenario adopted for economic and financial projections and for whole life appraisal for capital expenditures. In particular, for the cash flows associated to oil, natural gas and petroleum products prices (and prices of their by-products), the price scenario is approved by the Board of Directors of Eni SpA and is based on the forward prices prevailing in the marketplace, if there is a sufficient liquidity and reliability level, and on management’s long-term planning assumptions thereafter. When commodity prices fluctuate quite considerably, management considers the most updated variables available; in particular, for 2020, management estimated a price scenario based on: (i) the most recent trends of forward curves observed in January 2021; (ii) the

consensus of a significant sample of independent analysts; and (iii) internal estimates about the evolution of the supply and demand fundamentals.

Discounting is carried out at a rate that reflects a current market valuation of the time value of money and of those specific risks of the asset that are not reflected in the estimate of the future cash flows. In particular, the discount rate used is the Weight Average Cost of Capital (WACC) adjusted for the specific country risk of the asset. The measurement of the specific country risk to be included in the discount rate is defined considering information provided by external parties. Value in use is calculated net of tax effect as this method results in values similar to those resulting from discounting pre-tax cash flows at a pre-tax discount rate deriving, through an iteration process, from a post-tax valuation. Valuation is carried out for each single asset or, if the recoverable amount of a single asset cannot be determined for the smallest identifiable group of assets that generates independent cash inflows from their continuous use, the so-called “cash generating unit”. When the reasons for their impairment cease to exist, the Company makes a reversal that is recognized in statement of comprehensive income as income from asset revaluation.

The reversal shall not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

The carrying amount of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal; the arising gain or loss is recognized in the statement of comprehensive income.

Intangible assets

Intangible assets are identifiable assets without physical substance, controlled by the Company and able to produce future economic benefits. An asset is classified as intangible when the management is able to distinguish it clearly from goodwill. This condition is normally met when: (i) the intangible asset arises from contractual or legal rights, or (ii) the asset is separable i.e. can be sold, transferred, licensed, rented or exchanged either individually or as an integral part of other assets. An entity controls an intangible asset if it has the power to obtain the future economic benefits flowing from the underlying asset and to restrict the access of others to those benefits.

Intangible assets are initially stated at cost as determined by the criteria used for tangible assets and they are not revalued for financial reporting purposes.

Intangible assets with a defined useful life are amortized systematically over their useful life estimated as the period over which the assets will be used by the Company; the amount to be amortized and the recoverability of the carrying amount are determined in accordance with the criteria described in the accounting policy for “Property, plant and equipment”.

Costs of technological development activities are capitalized when: (i) the cost attributable to the development activities can be reliably determined; (ii) there is the intention and the availability of financial and technical resources to make the asset available for use or sale; and (iii) it can be demonstrated that the asset is able to generate future economic benefits.

The carrying amount of intangible assets is derecognized on disposal or when no future economic benefits are expected from its use or disposal; the arising gain or loss is recognized in statement of comprehensive income.

Interests in joint arrangements

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method as described in the accounting policy for “The equity method of accounting”.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have enforceable rights to the assets, and enforceable obligations for the liabilities, relating to the arrangement. The Company recognizes its share of the assets/liabilities and revenue/expenses of the joint operations on the basis of its rights and obligations relating to the arrangements.

After the initial recognition, the assets/liabilities and revenue/expenses of the joint operations are measured in accordance with the applicable measurement criteria. Not material joint operations are accounted for using the equity method or, if this does not affect the faithful representation of the Company's financial position and performance, at cost less any accumulated impairment losses.

Interests in associates

An associate is an entity over which the Company has significant influence that is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. Investments in associates are accounted for using the equity method as described in the accounting policy for "The equity method of accounting".

The equity method of accounting

Investments in joint ventures, associates and not significant unconsolidated subsidiaries are accounted for using the equity method.

Under the equity method, investments are initially recognized at cost, allocating the purchase price of the investment to the investee's identifiable assets/liabilities; if this allocation is provisionally recognized at initial recognition, it can be retrospectively adjusted within one year from the date of initial acquisition, to reflect new information obtained about facts and circumstances that existed at the date of initial acquisition. The carrying amount is adjusted thereafter for: (i) the investor's share of the post-acquisition profit or loss of the investee; and (ii) the investor's share of the investee's other comprehensive income. Distributions received from an investee reduce the carrying amount of the investment. When there is objective evidence of impairment (e.g. significant breaches of contracts, financial difficulty, risk of default of the counterparty, etc.), the recoverability is tested by comparing the carrying amount and the related recoverable amount determined by adopting the criteria indicated in the accounting policy for "Property, plant and equipment". When an impairment loss no longer exists or has decreased, a reversal of the impairment loss is recognized in the profit and loss account within "Other gain (loss) from investments". The impairment reversal shall not exceed the previously recognized impairment losses.

Losses arising from the application of the equity method in excess of the carrying amount of the investment, recognized in the profit and loss account within the line item "Income (Expense) from investments", reduce the carrying amount of any financing receivables towards the investee for which settlement is neither planned nor likely to occur in the foreseeable future and which are, in substance, an extension of the investment in the investee (so called long-term interests).

The sale of equity interests with loss of joint control or significant influence over the investee determines the recognition in the profit and loss account of: (i) any gain/loss calculated as the difference between the consideration received and the corresponding transferred share; (ii) any gain or loss recognized as a result of the remeasurement of any investment retained in the former joint venture/associate to its fair value;[4] and (iii) any amount related to the former joint venture/associate previously recognized in other comprehensive income which can be reclassified subsequently to profit and loss account[5]. Any investment retained in the former joint venture/associate is recognized at its fair value at the date when joint control or significant influence is lost and shall be accounted for in accordance with the applicable measurement criteria.

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4 If the retained investment continues to be accounted for using the equity method, no remeasurement to fair value is recognized in the profit and loss account.

5 Conversely, any amount related to the former joint venture/associate previously recognized in other comprehensive income, which cannot be reclassified subsequently to profit and loss account, are reclassified within another item of equity.

The investor's share of losses of an investee, that exceeds the carrying amount of the investment and any long-term interests, is recognized in a specific provision only to the extent that the investor has incurred legal or constructive obligations or made payments on behalf of the investee.

Investment in equity instruments

Investments in equity instruments, that are not held for trading, are measured at fair value through other comprehensive income, without subsequent transfer of fair value changes to profit or loss on derecognition of these investments; conversely, dividends from these investments are recognized in the profit and loss account, within the line item "Income (Expense) from investments". In limited circumstances, an investment in equity instruments can be measured at cost if it is an appropriate estimate of fair value.

Dividends

Dividends are recognized at the date of the general shareholders' meeting in which they are declared, except when the sale of shares before the ex-dividend date is certain. Dividends distributed to shareholders are recognized as liability in the financial statements in the period in which the dividends are approved by the Company's Shareholder.

Dividends declared by subsidiaries, associates or joint ventures are recognized in the statement of comprehensive income when they are declared, even if they come from the distribution of profits earned before the acquisition date of the investee. The distribution of these profits represents an impairment indicator of the investment and so entails the need for the impairment test of the carrying amount of the investment.

Provisions

A provision is a liability of uncertain timing or amount at the balance sheet date. Provisions are recognized when: (i) there is a present obligation, legal or constructive, as a result of a past event; (ii) it is probable that the settlement of that obligation will result in an outflow of resources embodying economic benefits; and (iii) the amount of the obligation can be reliably estimated.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation or to transfer it to third parties at the balance sheet date. The amount recognized for onerous contracts is the lower of the cost necessary to fulfil the obligations, net of expected economic benefits deriving from the contracts, and any indemnity or penalty arising from failure to fulfil these obligations.

If the effect of the time value is material, and the payment date of the obligations can be reasonably estimated, provisions to be accrued are the present value of the expenditures expected to be required to settle the obligation at a discount rate intended to reflect the time value of money. The increase in the provision due to the passage of time is recognized as "Finance income (expense)".

When the liability regards a tangible asset (e.g. site dismantling and restoration), the provision is stated with a corresponding entry to the asset to which it refers. Charges to the statement of comprehensive income are made with the amortization process.

Provisions are periodically reviewed and adjusted to reflect changes in the estimates of costs, timing and discount rates. Changes in provisions are recognized in the same statement of comprehensive income item that had previously held the provision, or, when the liability regards tangible assets (i.e. site dismantling and restoration), changes in provisions are recognized with a corresponding entry to the assets to which they refer to the extent of the assets' carrying amounts; any excess amount is recognized to the statement of comprehensive income.

In Note 21 the following contingent liabilities are described: (i) possible, but not probable obligations arising from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the Company's control; and (ii) current obligations arising from past events whose amount cannot be reliably measured or whose settlement will probably not result in an outflow of resources embodying economic benefits.

Employee benefits

Employee benefits are considerations given by the Company in exchange for service rendered by employees or for the termination of employment.

Post-employment benefit plans, including informal arrangements, are classified as either defined contribution plans or defined benefit plans depending on the economic substance of the plan as derived from its principal terms and conditions. In the first case, the Company's obligation, which consists of making payments to the State or to a trust or a fund, is determined on the basis of contributions due.

The liabilities related to defined benefit plans, net of any plan assets, are determined on the basis of actuarial assumptions and charged on accrual basis during the employment period required to obtain the benefits.

Net interest includes the return on plan assets and the interests cost to be recognized in the statement of comprehensive income. Net interest is measured by applying to the liability, net of any plan assets, the discount rate used to calculate the present value of the liability; net interest of defined benefit plans is recognized in "Financial income (expense)". Remeasurements of the net defined benefit liability, comprising actuarial gains and losses, resulting from changes in the actuarial assumptions used or from changes arising from experience adjustments, and the return on plan assets excluding amounts included in net interest, are recognized within statement of comprehensive income. Furthermore, in presence of net assets, changes in their value different from those included in net interest are recognized within statement of comprehensive income.

Remeasurements of net defined benefit liability, recognized in other comprehensive income, are reversed into the statement of comprehensive income.

Obligations for long-term benefits are determined by adopting actuarial assumptions. The effects of remeasurements are taken to statement of comprehensive income in their entirety.

Exchange rate differences

Revenues and costs associated with transactions in currencies other than the functional currency are translated into the functional currency by applying the exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in currencies other than functional currency are converted by applying the year end exchange rate and the effect is stated in the statement of comprehensive income. Non-monetary assets and liabilities denominated in currencies other than the functional currency valued at cost are translated at the initial exchange rate. Non-monetary items that are measured at fair value, recoverable amount or net realizable value, are translated using the exchange rate at the date when the value is determined.

Income taxes

Current income taxes are determined on the basis of the estimated taxable income; the estimated liability is recognized in the item "Income tax payable". Current tax assets and liabilities are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantially enacted at the balance sheet date.

The Company takes part in a fiscal unity together with Eni Exploration & Production Holding BV, Eni Venezuela BV, Eni Mozambique LNG Holding BV, Eni Benelux BV and Eni Energy Solutions BV. The fiscal unity is headed by Eni International BV. The corporate income tax is calculated within the fiscal unity on a notional stand-alone basis with the resulting tax position presented as a payable or receivable with the head of the fiscal unity.

Deferred tax assets or liabilities are recognized for temporary differences arising between the carrying amounts of the assets and liabilities and their tax bases, based on tax rates and tax law that have been enacted or substantively enacted for the future years.
Deferred tax assets are recognized when their realization is considered probable; in particular, deferred tax assets are recoverable when it is probable that taxable income will be available in the same year as the reversal of the deductible temporary difference. Similarly, deferred tax assets for the carry forward of unused tax credits and unused tax losses are recognized to the extent that the recoverability is probable.

Deferred tax assets and liabilities are recorded under non-current assets and liabilities and are offset if related to offsetable taxes. The balance of the offset, if positive, is recognized in the item “Deferred tax assets”, and if negative in the item, “Deferred tax liabilities”. When the results of transactions are recognized directly in the Shareholder’s equity, the related current and deferred taxes are also charged to the Shareholder’s equity.

Revenues and costs

Revenue from contracts with customers is recognized on the basis of the following five steps: (i) identifying the contract with the customer; (ii) identifying the performance obligations, that are promises in a contract to transfer goods and/or services to a customer; (iii) determining the transaction price; (iv) allocating the transaction price to each performance obligation on the basis of the relative stand-alone selling prices of each good or service; and (v) recognizing revenue when (or as) a performance obligation is satisfied, that is when a promised good or service is transferred to a customer. A promised good or service is transferred when (or as) the customer obtains control of it. Control can be transferred over time or at a point in time.

Revenue is measured at the fair value of the consideration to which the company expects to be entitled in exchange for transferring promised goods and/or services to a customer, excluding amounts collected on behalf of third parties. If the consideration promised in a contract includes a variable amount, the company estimates the amount of consideration to which it will be entitled in exchange for transferring the promised goods and/or services to a customer; in particular, the amount of consideration can vary because of discounts, refunds, incentives, price concessions, performance bonuses, penalties or if the price is contingent on the occurrence or non-occurrence of a future event.

When goods or services are exchanged for goods or services that are of a similar nature and value, the exchange is not regarded as a transaction which generates a revenue.

Costs are recorded when the related goods and services are sold or consumed during the year or systematically allocated or when their future economic benefits cannot be identified.

The costs for the acquisition of new knowledge or discoveries, the study of products or alternative processes, new techniques or models, the planning and construction of prototypes or, in any case, costs borne for other scientific research activities or technological development which cannot be capitalized (see above the accounting policy for “Intangible assets”), are included in the statement of comprehensive income.

Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants (not in a forced liquidation or a distress sale) at the measurement date (exit price). Fair value measurement is based on the market conditions existing at the measurement date and on the assumptions of market participants (market-based measurement). A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market to which the entity has access, independently from the entity’s intention to sell the asset or transfer the liability to be measured.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. Highest and best use is determined from the perspective of market participants, even if the entity intends a different use; an entity’s current use of a

non-financial asset is presumed to be its highest and best use, unless market or other factors suggest that a different use by market participants would maximize the value of the asset (Level 1).

The fair value of a liability, both financial and non-financial, or of an equity instrument, in the absence of a quoted price, is measured from the perspective of a market participant that holds the identical item as an asset at the measurement date. The fair value of financial instruments takes into account the counterparty's credit risk for a financial asset (credit valuation adjustment, CVA) and the entity's own credit risk for a financial liability (debit valuation adjustment, DVA) (Level 2).

In the absence of available market quotation, fair value is measured by using valuation techniques that are appropriate in the circumstances, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs (Level 3).

Guarantee contracts

The Company enters into financial guarantee contracts with its subsidiaries, joint ventures and associates. At the inception of a financial guarantee contract, a liability is recognized initially at fair value of the consideration received and subsequently measured at the higher of the amount determined in accordance with the expected credit loss model and the amount initially recognised less, where appropriate, the cumulative amount of income recognized in the profit and loss account. When the guaranteed entity is a subsidiary, the recovery rate is normally assumed equal to 100% taking into account, inter alia, the Group central treasury function which supports both financial and capital needs of subsidiaries.

Where a financial guarantee is issued without a premium, the fair value is recognized as an additional investment in the guaranteed entity (subsidiary, joint venture or associate).

The Company may enter into guarantee contracts that provide compensation if another party fails to perform a contractual obligation (performance guarantees). Performance guarantees are accounted for considering the accounting policies for provisions.

The following accounting policies refer directly to the joint ventures, associates and subsidiaries, but have an indirect impact on the Company's financial statements:

Exploration and production activities

Acquisition of exploration rights
The costs associated with the acquisition of exploration rights (or for their extension), including costs related to acquired exploration potential, are initially capitalized within the line item "Intangible assets" as "exploration rights – unproved" pending determination of whether the exploration and appraisal activities in the reference areas are successful or not. Unproved exploration rights are not amortized, but reviewed to confirm that there is no indication that the carrying amount exceeds the recoverable amount. This review is based on the confirmation of the commitment of the Company to continue the exploration activities and on the analysis of facts and circumstances that can show the existence of uncertainties related to the recoverability of the carrying amount. If no future activity is planned, the carrying amount of the related exploration rights is written off. Lower value exploration rights are pooled and amortized on a straight-line basis over the estimated period of exploration. In the event of a discovery of proved reserves (i.e. upon recognition of proved reserves and internal approval for development), the carrying amount of the related unproved exploration rights is reclassified to "proved exploration rights", within the line item "Intangible assets". When the reclassification is recognized and whether there is any indication of impairment, the carrying amount of exploration rights to reclassify as proved is tested for impairment considering the higher of their value in use and fair value less costs of disposal. From the commencement of production, proved exploration rights are amortized according to the Unit of Production (UOP) method over total proved reserves.

Costs associated with the acquisition of mineral rights are capitalized in connection with the assets acquired (such as exploratory potential, probable and possible reserves and proved reserves). When the acquisition is related to a set of exploratory potential and reserves, the cost is allocated to the different assets acquired on the basis of the value of the relevant discounted cash flows.

Acquired exploration potential is recognized under the abovementioned criteria.

Acquisition costs for proved reserves and for possible and probable reserves are recognized in the balance sheet as assets. Costs associated with proved reserves are amortized on a UOP basis, as detailed in the accounting policy for "Development expenditures", considering both developed and undeveloped reserves. Expenditures associated with possible and probable reserves are not amortized until classified as proved reserves; in case of a negative result the costs are written off and charged to the statement of comprehensive income.

Exploration and appraisal expenditures
The geological and geophysical costs are charged against income as incurred. Costs directly associated with an exploration well are initially recognized within tangible assets in progress, as "exploration and appraisal costs - unproved" (exploration wells in progress) until the drilling of the well is completed and can continue to be capitalized in the following 12-month period pending the evaluation of drilling results (suspended exploration wells). If, at the end of this period, it is ascertained that the result is negative (no hydrocarbon found) or that the discovery is not sufficiently significant to justify the development, the wells are declared dry/unsuccessful and the related costs written-off. Conversely, these costs continue to be capitalized if and until: (i) the well has found a sufficient quantity of reserves to justify its completion as a producing well, and (ii) the entity is making sufficient progress assessing the reserves and the economic and operating viability of the project; on the contrary, the capitalized costs are recognized in the profit and loss account as write-off. Analogous recognition criteria are adopted for the costs related to the appraisal activity. When proved reserves of oil and/or natural gas are determined, the relevant expenditure recognized as unproved is reclassified to prove exploration and appraisal costs, within tangible assets in progress. When the reclassification is recognized and whether there is any indication of impairment, the carrying amount of the costs to reclassify as proved is tested for impairment considering the higher of their value in use and their fair value less costs of disposal. From the commencement of production, proved exploration and appraisal costs are depreciated according to the UOP method, considering proved developed reserves.

Development expenditures
Development costs, including the costs related to unsuccessful, damaged development wells and pre-development, are capitalized as "Tangible asset in progress – proved" and, from the commencement of production, proved tangible assets are depreciated according to the UOP method over the proved developed reserves. When development projects are unfeasible/not carried on, the related costs are written-off when it is decided to abandon the project. In particular, the UOP method provides for the residual costs at the end of each quarter to be amortized at a rate representing the ratio between the volumes extracted during the quarter and the proved developed reserves existing at the end of the quarter, increased by the volumes extracted during the quarter. This method is applied with reference to the smallest aggregate, representing a direct correlation between development expenditures and proved developed reserves. Development costs are tested for impairment in accordance with the criteria described in the accounting policy for 'Property, plant and equipment'.

Production sharing agreements
Oil and gas reserves related to Production-sharing agreements contracts are determined on the basis of contractual clauses related to the repayment of costs incurred for the exploration, development and production activities executed through the use of the Company's technologies and financing (cost oil) and the Company's share of production volumes not destined to cost recovery (profit oil). Revenues from the sale of the production entitlements against both cost oil and profit oil are accounted for on an accruals basis, while exploration, development and production costs are accounted for according to the policies mentioned above. The Company's share of production volumes and reserves representing the profit oil includes the share of hydrocarbons which corresponds to the taxes to be paid, according to the contractual agreement, by the national government on behalf of the Company. As a consequence, the Company has to recognize at the same time an increase in the taxable profit, through the increase of the revenues, and the corresponding tax expense.

Decommissioning and restoration liabilities
Costs expected to be incurred with respect to the retirement of exploration, appraisal and development wells, including costs associated with removal of production facilities, dismantlement and site restoration,

are capitalized, consistently with the policy described under “property, plant and equipment”, and amortized on a UOP basis.

4. Financial statements

Assets and liabilities of the balance sheet are classified as current and non-current. Items of the statement of comprehensive income are presented by nature.

Assets and liabilities are classified as current when: (i) they are expected to be realized/settled in the entity’s normal operating cycle or within twelve months after the balance sheet date; (ii) they are cash or cash equivalents unless they are restricted from being exchanged or used to settle a liability for at least twelve months after the balance sheet date; or (iii) they are held primarily for the purpose of trading. Derivative instruments held for trading are classified as current, apart from their maturity date. Non hedging derivative instruments, which are entered into to manage risk exposures but do not satisfy the formal requirements to be considered as hedging, and hedging derivative instruments are classified as current when they are expected to be realized/settled within twelve months after the balance sheet date; on the contrary they are classified as non-current.

The statement of comprehensive income shows the net result integrated with incomes and expenses that are recognized directly to equity according to IFRS.

The statement of changes in Shareholder’s equity presents a net result, transactions with the Shareholder and other changes of the Shareholder’s equity.

The statement of cash flows is prepared using the indirect method, whereby net result is adjusted for the effects of transactions of a non-cash nature.

5. Significant accounting estimates or judgements

The preparation of these financial statements requires the use of estimates and assumptions that affect the assets, liabilities, revenues and expenses reported in the financial statements, as well as amounts included in the notes thereto, including discussion and disclosure of contingent liabilities. Estimates made are based on complex or subjective judgments and past experience of other assumptions deemed reasonable in consideration of the information available at the time. The accounting policies and areas that require the most significant judgments and estimates to be used in the preparation of the Financial Statements are in relation to the accounting for oil and natural gas activities. Although the Company uses its best estimates and judgments, actual results could differ from the estimates and assumptions used. A summary of significant estimates follows.

Investments

The assessment of the existence of control, joint control, significant influence over an investee as well as, for joint operations, the assessment of the existence of enforceable rights and obligations imply that the management makes complex judgements on the basis of the characteristics of the investee’s structure, arrangements between parties and other relevant facts and circumstances. Company assessed that the structure of the governance of Vår Energi AS requires for the decisions about relevant activities to have unanimous consent of the parties sharing control and as a result the investment is classified as a joint venture.

Provisions

The Company accrues for all contingencies that are both probable and based on best estimate. These contingencies are primarily related to litigation and/or tax issues. Determining the appropriate amount to accrue is a complex estimation process that includes subjective judgments of the management.

The following significant accounting estimates or judgements refer directly to the joint ventures, associates and subsidiaries, but have an indirect impact on the Company’s financial statements:

Oil and gas activities

Engineering estimates of the Company's oil & gas reserves are inherently uncertain. Proved reserves are the estimated volumes of crude oil, natural gas and gas condensates, liquids and associated substances which geological and engineering data demonstrate that can be economically producible with reasonable certainty from known reservoirs under existing economic and operating conditions and operating methods. Although there are authoritative guidelines regarding the engineering and geological criteria that must be met before estimated oil & gas reserves can be designated as "proved", the accuracy of any reserve estimate is a function of the quality of available data, engineering and geological interpretation and judgment.

The determination of whether potentially economic oil and natural gas reserves have been discovered by an exploration well is usually made within a year after well completion, but can take longer, depending on the complexity of the project and on the size of capital expenditure required. Therefore, exploration wells may remain suspended on the balance sheet for several years, while additional appraisal activities on the potential oil and natural gas field are performed or while the optimum development plans are established. All such carried costs are reviewed on at least an annual basis to confirm the continued intent to develop, or otherwise to extract value from the discovery.

Field reserves will only be categorized as proved when all criteria for attribution of proved status have been met. At this stage, all booked reserves are classified as proved undeveloped. Volumes are substantially reclassified from proved undeveloped to proved developed as a consequence of development activity. The first proved developed bookings occur at the point of first oil or gas production. Major development projects typically take one to four years from the time of initial booking to the start of production. The Company reassesses its estimate of proved reserves periodically. The estimated proved reserves of oil and natural gas may be subject to future revision and upward and downward revision may be made to the initial booking of reserves due to production, reservoir performance, commercial factors, acquisition and divestment activity and additional reservoir development activity. In particular, changes in oil and natural gas prices could impact the amount of the Company's proved reserves in regards to the initial estimate and in the case of production sharing agreements and buy-back contracts, the share of production and reserves the Company is entitled to. Accordingly, the estimated reserves could be materially different from the quantities of oil and gas that ultimately will be recovered. Oil and natural gas reserves have a direct impact on certain amounts reported in the Financial Statements.

Estimated proved reserves are used in determining depreciation and depletion expenses and impairment expense. Depreciation rates on oil and gas assets using the UOP basis are determined from the ratio between the amount of hydrocarbons extracted in the quarter and proved developed reserves existing at the end of the quarter increased by the amounts extracted during the quarter. Assuming all other variables are held constant, an increase in estimated proved reserves for each field decreases depreciation, depletion and amortization expense. Conversely, a decrease in estimated proved developed reserves increases depreciation, depletion and amortization expense. Estimated proved reserves are affected, inter alia, by the trend of reference oil & gas commodity prices and by the specific legal agreement for the oil & gas activity.

Also, estimated reserves are used to calculate future cash flows from oil & gas properties, which serve as an indicator in determining whether or not property impairment is to be carried out. The larger is the volumes of the estimated reserves, the lower is the likelihood of asset impairment.

Impairment of assets

Assets are impaired when there are events or changes in circumstances that indicate that carrying values of the assets are not recoverable. Such impairment indicators include changes in the Company's business plans, changes in commodity prices leading to unprofitable performance, a reduced utilization of the plants and, for oil & gas properties, significant downward revisions of estimated proved reserve quantities or significant increase of the estimated development costs. Determination as to whether and how much an asset is impaired involves management estimates on highly uncertain and complex matters such as future commodity prices, the effects of inflation and technology improvements on operating expenses, production

profiles and the outlook for global or regional market supply and demand conditions for crude oil and natural gas.

The amount of an impairment loss is determined by comparing the book value of an asset with its recoverable amount. The recoverable amount is the greater of fair value net of disposal cost or the value in use. The estimated value in use is based on the present values of expected future cash flows net of disposal costs. The expected future cash flows used for impairment analyses are based on judgmental assessments of future production volumes, prices and costs considering available information at the date of review and are discounted by using a rate related to the activity involved. The impairment loss is recorded in the statement of comprehensive income.

For oil and natural gas properties, the expected future cash flows are estimated based on proved and probable reserves, including, among other elements, production taxes and the costs to be incurred for the reserves yet to be developed. In limited cases (e.g. for mineral interests acquired from third parties as part of a business combination) the expected cash flows take into account also the risk-adjusted possible reserves, if they are considered to determine the consideration transferred.

The estimate of the future amount of production is based on assumptions related to the commodity future prices, lifting and development costs, field decline rates, market demand and to other factors. The cash flows associated to oil & gas commodities are estimated on the basis of forward market information, if there is a sufficient liquidity and reliability level, on the consensus of independent specialized analysts and on management's forecasts about the evolution of the supply and demand fundamentals. The discount rate reflects the current market evaluation of the time value of money and of the specific risks of the asset not reflected in the estimate of the future cash flows.

Decommissioning and restoration liabilities

Obligations to dismantle and remove items of property, plant and equipment and restore land or seabed require significant estimates in calculating the amount of the obligation and determining the amount required to be recorded presently in the financial statements. Estimating obligations to dismantle and remove items of property, plant and equipment is complex. It requires management to make estimates and judgments with respect to removal obligations, that will come to term many years into the future and contracts and regulations are often unclear as to what constitutes removal. In addition, the ultimate financial impact of environmental laws and regulations is not always clearly known as asset removal technologies and costs constantly evolve in the country where the company operates, as do political, environmental, safety and public expectations.

The complexity of these estimates is also due to the accounting that requires the initial recognition of present value of the decommissioning and restoration liabilities as a part of the cost of property, plant and equipment.

Then the carrying amount of decommissioning and restoration liabilities is adjusted to reflect the passage of time and any change in the estimates following the modification of amount and timing of future cash flows and discount rate adopted. The discount rate used to determine the provision is based on managerial judgments.

Environmental liabilities

As other oil & gas companies, the Company is subject to numerous EU, national, regional and local environmental laws and regulations concerning its oil & gas operations, productions and other activities. They include legislations that implement international conventions or protocols.
Environmental costs are recognized when it becomes probable that a liability has been incurred and the amount can be reasonably estimated.

Management, considering the actions already taken, insurance policies obtained to cover environmental risks and provisions for risks accrued, does not expect any material adverse effect on the Company's results of operations and financial position as a result of such laws and regulations. However, there can be no assurance that there will not be a material adverse impact on the Company's consolidated results of

operations and financial position due to: (i) the possibility of an unknown contamination; (ii) the results of the ongoing surveys and the other possible effects of statements required by applicable laws; (iii) the possible effect of future environmental legislation and rules; (iv) the effects of possible technological changes relating to future remediation; and (v) the possibility of litigation and the difficulty of determining Company's liability, if any, as against other potentially responsible parties with respect to such litigation and the possible insurance recoveries.

6. IFRSs not yet effective

IFRS standards and interpretations issued by the IASB and endorsed by the EU:

- Amendments to IFRS 3: "Reference to the Conceptual Framework" (issued on 14 May 2020), effective date January 1, 2022;
- Amendments to IAS 16: "Property, Plant and Equipment: Proceeds before Intended Use" (issued on 14 May 2020), effective date January 1, 2022;
- Amendments to IAS 37: "Onerous Contracts — Cost of Fulfilling a Contract" (issued on 14 May 2020), effective date January 1, 2022;
- Annual Improvements to IFRS Standards 2018–2020 Cycle (issued on 14 May 2020), effective date January 1, 2022;
- IFRS 17 "Insurance Contracts," including Amendments to IFRS 17 (issued on 18 May 2017 and 25 June 2020, respectively), effective date January 1, 2023.
- Amendments to IAS 1 and IFRS Practice Statement 2: "Disclosure of Accounting policies" (issued on 12 February 2021), effective date January 1, 2023;
- Amendments to IAS 8: "Definition of Accounting Estimates" (issued on 12 February 2021), effective date January 1, 2023.

IFRS standards and interpretations issued by the IASB, but not yet endorsed by the EU:

- Amendments to IAS 1: "Classification of Liabilities as Current or Non-current" and "Classification of Liabilities as Current or Non-current - Deferral of Effective Date" (issued on 23 January 2020 and 15 July 2020 respectively), new effective date January 1, 2023;
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction" (issued on 7 May 2021), effective date January 1, 2023;
- Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information" (issued on 9 December 2021), effective date January 1, 2023.

As regards IFRS 7, IFRS 9, IAS 39, IFRS 16, IFRS 4 "Interest Rate Benchmark Reform", no impact is foreseen since the LIBOR used by the Company will expire in June 2023.

The Company, with the support of Eni SpA, will continue to review these new IFRSs to determine their likely impact. The Company intends to adopt these standards and interpretations IFRSs when they become effective.

7. Financial risk Management

The Company and its investments operates internationally in the oil and natural gas industry. Its activities are exposed to a variety of financial risks. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Financial risks are managed in respect to guidelines which are defined by the parent Company and serve to align and coordinate Eni companies' policies on financial risks.

We note that the review of risks below focuses on the exposure for the Company as holding company. The results of the Company are to a significant extend determined by the net equity movements and dividends received from investments. It is noted that each investment has a unique risk profile that is managed through an integrated approach at Eni SpA group level ("Integrated Risk Management"), which consists in a phase of risk evaluation and in the definition of actions directed to mitigate and manage the main risks. Specific risks are furthermore managed at investment level.

Due to the effectiveness of the current integrated risk management system, no significant impact on the Company's result and financial position is expected.

Market risk

Market risk is the possibility that changes in currency exchange rates, interest rates or commodity prices will adversely affect the value of the Company's financial assets, liabilities or expected future cash flows. The management follows a set of guidelines and procedures based on a framework envisaging centralization of the treasury function in two captive finance companies operating in the Italian and international financial markets. In particular, the finance company operating on the Italian market manages all the transactions concerning currencies and derivative financial contracts. The commodity risk is managed by each business unit while Eni SpA manages the negotiation of hedging derivatives.
The management applies the defined treasury policy of the Board of Directors of its ultimate Shareholder, Eni SpA. As far as interest rate and foreign exchange risks are concerned, the calculation and measurement techniques followed by the Eni SpA are in accordance with established banking standards (such standards are established by the Basel Committee). However the tolerable level of risk adopted by Eni SpA is more conservative than the recommended one. The ultimate Shareholder's treasury department is responsible for monitoring compliance with Eni policy as well as correlation between the indicators adopted for measuring the tolerable risk level, and market conditions.

Foreign exchange rate risk

The Company's cash flows have limited exposure to significant fluctuations in foreign exchange rates since income and expenditures are mainly generated in the reporting currency. The exposure to foreign exchange rates is related to activities engaged by the Company with currencies other than US dollars, which are not a significant portion of its revenues or costs.

The Company collects dividends declared by its shareholdings and pays in USD. Other currencies involved are the NOK, GBP, EUR, CHF and other minor currencies. Therefore, the Company is subject to currency risk. Such risks can be offset, partly, by correct risk management activities. Given the unpredictability of financial markets, management seeks to minimize potential adverse effects on the Company's financial performance. The currency risk is limited and where necessary, hedged.

Interest rate risk

The Company does not have borrowings at the end of 2021. Loans are used in the treasury management for a limited period therefore the interest rate risk is very limited.

Credit risk

Credit risk represents the Company's potential exposure to incur a loss in the event of non-performance by a counter party. Credit risk arising from the Company's normal commercial operations is managed by the Company within Eni SpA approved guidelines on the basis of standard procedures of evaluation and entrusting of the parties. The Company has not experienced material non-performance by any counter party. As of December 31, 2021 the Company did not have any significant credit risk. Most of the Company's receivable are with the affiliated companies Eni Exploration and Production Holding B.V. and Eni México, S.de R.L. de C.V., both of which are controlled by the Company, as well as Vår Energi AS.

Liquidity risk

Liquidity risk is the risk that suitable sources of funding for the Company's business activities may not be available. Through Eni SpA, the Company has access to a wide range of funding at competitive rates through capital markets and banks. In the current situation the Company believes it has access to sufficient funding to meet current foreseeable borrowing requirements.

The Company has a credit facility with subsidiary entity Eni Finance International (EFI) for an amount of KUSD 500,000 which was extended on December 14, 2021 till December 13, 2022. The credit line facility is with an affiliated party and expected to be renewed again next year.

The Company has an effective treasury management system to monitor the daily cash requirements and determine its dividend policy. Funds are only retained to meet its operating and work program obligations with excess funds returned to its Shareholder. Funds are available within the group through loans or capital injections based on the Company's financial requirements therefore minimizing the liquidity risk.

All amounts due within 12 months are equal to their carrying balances and the impact of discounting (if applicable) is not significant.

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns to the Shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the capital structure, may adjust the amount of dividends paid to the Shareholder or, issue new shares.

The total capital at December 31, 2021 and 2020 was as follows:

(thousand US Dollars)	**Dec. 31, 2021**	**Dec. 31, 2020**
Cash and cash equivalents	(2,238,433)	(425,910)
Total equity	34,528,275	35,920,681
Total capital	**32,289,842**	**35,494,771**

8. Cash and cash equivalents

Cash and cash equivalents consist of the following:

(thousand US Dollars)	**Dec. 31, 2021**	**Dec. 31, 2020**
Eni SpA Corporate	1,864	2,373
Eni Finance International SA	2,232,051	423,509
Third party banks	4,518	28
	2,238,433	**425,910**

Deposits on call are held with the related party (subsidiary) Eni Finance International SA. The interest rate on short-term deposit is equal to Libor per annum in 2021 (LIBOR in 2020).

9. Trade and other receivables

(thousand US Dollars)	**Dec. 31, 2021**	**Dec. 31, 2020**
Trade receivables, gross value - Related parties	6,899	7,549
Other receivables	48,003	36,055
	54,902	**43,604**
Provisions for expected loss	(1,145)	0
	53,757	**43,604**

All carrying amounts of the financial instruments approximate the fair value.

Trade and other receivables amount to KUSD 53,757 (2020: KUSD 43,604), which is an increase of KUSD 10,153. This is mainly due to the receivable from Vår Energi AS related to commissions on guarantees for

an amount of KUSD 21,336 partially offset by amount received from Banque Eni SA for KUSD 7,354 related to dividend which was approved in 2020 and cashed in 2021.

10. Current tax assets

Current income tax assets consist of the following:

(thousand US Dollars)	**Dec. 31, 2021**	**Dec. 31, 2020**
Current tax credits	0	14,577
	0	**14,577**

Current tax assets amount to KUSD nil (2020: KUSD 14,577), which is a decrease of KUSD 14,577. This is due to tax credit from Eni Venezuela BV which is included in the fiscal unit of the Company and was cashed in 2021.

11. Assets for other current taxes

(thousand US Dollars)	**Dec. 31, 2021**	**Dec. 31, 2020**
Other assets	998	1,122
	998	**1,122**

Other current assets amount to KUSD 998 (2020: KUSD 1,122) and are mainly related to Value Added Tax and IRPEF (Imposta sul Reddito delle Persone Fisiche/ Income Tax imposed on individuals) receivable.

12. Property, plant and equipment

During the year, the movements in property, plant and equipment were as follows:

(thousand US Dollars)	Front End Engineering and Design Studies	Office furniture and equipment	Tangible fixed assets
At January 1, 2020			
Historical cost	33,054	4,312	37,366
Accumulated depreciation and impairment	-	(4,162)	(4,162)
Net book amount	**33,054**	**150**	**33,204**
Year ended December 31, 2020			
Opening net book amount	33,054	150	33,204
Additions	1,805	23	1,828
Depreciation	-	(76)	(76)
Disposal of assets	(5,410)	0	(5,410)
Closing net book amount	**29,449**	**97**	**29,546**
At December 31, 2020			
Historical cost	29,449	4,335	33,784
Accumulated depreciation and impairment	-	(4,238)	(4,238)
Net book amount	**29,449**	**97**	**29,546**
Year ended December 31, 2021			
Opening net book amount	29,449	97	29,546
Additions	-	20	20
Depreciation	-	(47)	(47)
Disposal of assets	-	-	-
Closing net book amount	**29,449**	**70**	**29,519**
At December 31, 2021			
Historical cost	29,449	4,355	33,804
Accumulated depreciation and impairment	-	(4,285)	(4,285)
Net book amount	**29,449**	**70**	**29,519**

The Front End Engineering and Design Studies are related to the development of an alternative project as agreed in the Second Phase Cooperation Agreement with National Kazakhstan company KazMunayGas. The alternative project will be located in Kazakhstan and will be managed by a project company. Eni International BV is the direct contract party and owner of the alternative project. Once the project has been completed, it is the Company's intention to transfer the asset to a new, to be incorporated, company.

The office furniture and equipment are depreciated on a straight line basis over a period of 5 years.

13. Leasing right-of-use assets

The leasing right-of-use assets amount to KUSD 2,030 (2020: KUSD 2,704) and relate to the office rental contract. The useful life of the right of use assets coincides with the contract, which will expire on March 31, 2025.

14. Equity-accounted investments

As at December 31, 2021, the shareholdings amount to KUSD 37,431,343, showing an increase of KUSD 786,184 compared to 2020 (2020: KUSD 37,063,128).

(thousand US Dollars)	Subsidiaries	Joint Ventures	Associates	Other investments	Total Shareholdings
Book value at January 1 2021	**34,732,650**	**1,439,469**	**886,486**	**4,523**	**37,063,128**
Result in participations	2,954,018	23,103	(30,004)	0	2,947,117
Dividends approved	(3,041,367)	(663,574)	(9,000)	0	(3,713,941)
Losses) on disposals	(335)	0	0	0	(335)
Capital increase	3,090,953	0	413,296	0	3,504,249
Capital refund	(1,731,669)	0	0	0	(1,731,669)
Sales and liquidation of investments, net	(15,004)	0	0	0	(15,004)
Exchange differences	(110,811)	(73,457)	0	(25)	(184,293)
New incorporations and/or acquisitions	24	0	0	0	24
Other	(28,129)	5,001	(414,806)	1	(437,933)
Book value at December 31 2021	**35,850,330**	**730,542**	**845,972**	**4,499**	**37,431,343**

The changes in the shareholdings are listed below:

The shareholdings are listed below.

Exploration & Production shareholdings

Name of company	Registered Office	Currency	Share capital ('000)	Company Participation Direct (%)
Agip Caspian Sea B.V.	Amsterdam	EUR	20	100
AGIP ENERGY AND NATURAL RESOURCES (NIGERIA) LIMITED	Abuja	NGN	5,000	95
Agip Karachaganak B.V.	Amsterdam	EUR	20	100
Eni Abu Dhabi B.V.	Amsterdam	EUR	20	100
Eni Albania B.V.	Amsterdam	EUR	20	100
Eni Algeria Exploration B.V.	Amsterdam	EUR	20	100
Eni Algeria Production B.V.	Amsterdam	EUR	20	100
Eni Angola Exploration B.V.	Amsterdam	EUR	20	100
Eni Angola Production B.V.	Amsterdam	EUR	20	100
Eni Argentina Exploraciòn y Explotaciòn S.A.	Buenos Aires	ARS	24,136	95
Eni Australia B.V.	Amsterdam	EUR	20	100
Eni Australia Limited	London	GBP	20,000	100
Eni Bahrain B.V.	Amsterdam	EUR	20	100
Eni BTC Limited	London	GBP	0	100
Eni Canada Holding Ltd.	Calgary	USD	1,453,200	100
Eni China B.V.	Amsterdam	EUR	20	100
Eni Congo S.A.	Pointe - Noire	USD	17,000	0.00012
Eni Cyprus Limited	Nicosia	EUR	2	100
Eni Denmark B.V.	Amsterdam	EUR	20	100

Eni do Brasil Investimentos em Exploração e Produção de Petróleo Ltda	Rio De Janeiro	BRL	1,593,415	99.99999
Eni Energy Russia B.V.	Amsterdam	EUR	20	100
Eni Exploration & Production Holding B.V.	Amsterdam	EUR	29,833	100
Eni Gabon SA	Libreville	XAF	4,000,000	100
Eni Gas & Power LNG Australia BV	Amsterdam	EUR	1,013	100
Eni Ghana Exploration and Production Limited	Accra	GHS	21,413	100
Eni International N.A. N.V. S.àr.l.	Luxembourg	USD	25	100
Eni Iran B.V.	Amsterdam	EUR	20	100
Eni Iraq B.V.	Amsterdam	EUR	20	100
Eni Ireland B.V.	Amsterdam	EUR	20	100
Eni Isatay B.V.	Amsterdam	EUR	20	100
Eni JPDA 03-13 Limited	London	GBP	250	100
Eni JPDA 06-105 Pty. Ltd.	Perth	AUD	80,831	100
Eni JPDA 11-106 B.V.	Amsterdam	EUR	50	100
Eni Kenya B.V.	Amsterdam	EUR	20	100
Eni Lebanon BV	Amsterdam	EUR	20	100
Eni Maroc B.V.	Amsterdam	EUR	20	100
Eni México, S.de R.L. de C.V.	Mexico City	MXN	3	99.9
Eni Montenegro B.V.	Amsterdam	EUR	20	100
Eni Mozambique LNG Holding B.V.	Amsterdam	EUR	20	100
Eni Muara Bakau B.V.	Amsterdam	EUR	20	100
Eni Myanmar B.V.	Amsterdam	EUR	20	100
Eni North Africa B.V.	Amsterdam	EUR	20	100
Eni Oman BV	Amsterdam	EUR	20	100
Eni Petroleum Co. Inc.	Dover, Delaware	USD	156,600	36.14304
Eni Qatar BV	Amsterdam	EUR	20	100
Eni RAK B.V.	Amsterdam	EUR	20	100
Eni RD Congo S.A.	Kinshasa	CDF	750,000	99.99733
Eni Sharjah B.V.	Amsterdam	EUR	20	100
Eni South Africa B.V.	Amsterdam	EUR	20	100
Eni South China Sea Limited Sàrl	Luxemburg	USD	20	100
Eni Tunisia B.V.	Amsterdam	EUR	20	100
Eni UK Limited	London	GBP	50,000	100
Eni Ukraine Holdings BV	Amsterdam	EUR	20	100
Eni Ukraine LLC	Kiev	UAH	90,765	0.01
Eni Venezuela E&P Holding SA	Bruxelles	USD	254,443	99.99999
Eni Ventures plc - in liquidation	London	GBP	278,050	99.99999
Eni Vietnam B.V.	Amsterdam	EUR	20	100
Ieoc Exploration BV	Amsterdam	EUR	20	100
Ieoc Production BV	Amsterdam	EUR	20	100
Nigerian Agip Exploration Ltd	Abuja	NGN	5,000	99.99000
Nigerian Agip Oil Company Limited	Abuja	NGN	1,800	99.88889
United Gas Derivatives Company	Cairo	USD	153,000	33.33333
Vår Energi AS	Forus	NOK	399,425	69.84991

Midstream shareholdings

Name of company	Registered Office	Currency	Share capital ('000)	Company Participation Direct (%)
Angola LNG Marketing Ltd.	Londra	GBP	1	8.8
Blue Stream Pipeline Company BV	Amsterdam	USD	22	50

Eni G&P Trading B.V.	Amsterdam	EUR	70	100
Eni Gas Liquefaction B.V.	Amsterdam	EUR	20	100
Eni Transporte y Suministro México, S. de R.L. de C.V.	Mexico City	MXN	3	99.9
Norsea Gas GmbH	Emden	EUR	1,534	13.04
SAMCO Sagl	Lugano	CHF	20	5
Société de Service du Gazoduc Transtunisien SA - SERGAZ SA	Tunis	TND	99	66.66667
Société pour la Construction du Gazoduc Transtunisien SA (SCOGAT)	Tunis	TND	200	99.85
Société Energies Renouvelables Eni-ETAP S.A.	Tunis	TND	1,000	50

Refining & Marketing shareholdings

Name of company	Registered Office	Currency	Share capital ('000)	Company Participation Direct (%)
Egyptian International Gas Technology Company	Cairo	EGP	100,000	40
ENEOS ITALSING Pte Ltd.	Singapore	SGD	12,000	22.5
Eni Abu Dhabi Refining & Trading B.V.	Amsterdam	EUR	20	100
Eni Austria GmbH	Viena	EUR	78,500	75
Eni Benelux B.V.	Rotterdam	EUR	1,934	100
Eni Deutschland GmbH	Munich	EUR	90,000	89
Eni Ecuador S.A.	Quito	USD	103	99.93136
Eni France SARL	Lione	EUR	56,800	100
Eni Iberia, S.L.U.	Madrid	EUR	17,299	100
Eni Lubricants Trading (Shanghai) Co., Ltd.	Shanghai	EUR	5,000	100
Eni Marketing Austria GmbH	Wien	EUR	19,622	0.00037
Eni Suisse S.A.	Lausanne	CHF	102,500	100
Eni USA R&M Co. Inc.	Wilmington	USD	11,000	100
MEDITERANEE BITUMES S.A.	Tunis	TND	1,000	34
Olèoduc du Rhone S.A.	Valais	CHF	7,000	100
OOO "Eni-Nefto"	Moscow	RUB	1,010	99.00990
PETROCA - in liquidation	Bangui	XAF	972,000	2.29527
PIZO SA - in liquidation	Libreville	XAF	1,500,000	10
Routex B.V.	Amsterdam	EUR	68	20.00000
SO.GA.RA.-SOCIETE' GABONAISE DE RAFFINAGE SA	Port Gentil	XAF	1,200,000	2.5
TEMA LUBE OIL COMPANY LTD	Accra	GHS	258	12.00000

Energy Solutions

Name of company	Registered Office	Currency	Share capital ('000)	Company Participation Direct (%)
Eni New Energy Egypt S.A.E.	Cairo	EGP	250	99.98
Eni New Energy Pakistan (Private) Limited	Karachi	PKR	136,000	99.98

Financial activities

Name of company	Registered Office	Currency	Share capital ('000)	Company Participation Direct (%)
Banque Eni S.A.	Brussels	EUR	50,000	99.90
CREDITO URBANO SOCIEDAD FINANCIERA - in liquidation	Caracas	VEB	500,000	0.40
Eni Finance International SA	Brussels	USD	1,480,365	66.38738

Other activities

Name of company	Registered Office	Currency	Share capital ('000)	Company Participation Direct (%)
Eni Rewind International B.V.	Amsterdam	EUR	20	100

All investments are accounted for under the equity method with the exception of Angola LNG Marketing Ltd., Credito Urbano Societad Finaciera – in liquidation, Norsea Gas GmbH, Petroca SA – in liquidation, Pizo SA – in liquidation, Societé Gabonaise de Raffinage SA, Tema Lube Oil Company Ltd which are accounted for at fair value for a total book value of KUSD 1,211 (2020: KUSD 1,235) and Egyptian International Gas Technology Company and Eni Ventures Plc. which are accounted for at cost for a total book value of KUSD 3,288 (2020: KUSD 3,288).

15. Other financial assets

Other financial assets consist of the following:

(thousand US Dollars)	Dec. 31, 2021	Dec. 31, 2020
Financial receivables	4,727	6,880
	4,727	**6,880**

Other financial assets amount to KUSD 4,727 (2020: KUSD 6,880) and relate to the Shareholders loans provided to Société Energies Renouvelables Eni-ETAP S.A. in which the Company holds 50%.

16. Deferred tax assets

Deferred tax assets consist of the following:

(thousand US Dollars)	Value at Dec. 31, 2021	Income Tax of the year	Value at Dec. 31, 2020
Deferred tax assets	97,484	(1,030)	98,514
Deferred tax assets	**97,484**	**(1,030)**	**98,514**

Deferred income tax assets relate to fiscal losses of previous years (KUSD 377,847) which are to be recovered in the coming years. Recovery should mainly take place via interest income and operating income, as the remaining of the Company's income is tax exempt. The Company's model of deferred taxes changed according to the new fiscal rules applicable from January 1, 2022 and it spans until 2033.

The Company decreased the deferred taxes for KUSD 1,030. The decrease is mainly due to the lower foreseen taxable income.

The future taxable income derives mainly from the recharge of the Eni E&P Holding BV overhead, commission on guarantees and interests on deposits.

The detail of the total fiscal losses of the Company only, as per 2021, is as follows:

(thousand US Dollars)	**Fiscal Loss**	**For the year**
	36,473	**2016**
	39,119	**2017**
	234,762	**2018**
	28,438	**2019**
	411,853	**2020**
	750,645	

As per January 1, 2022 the limitation of six years to carry forward fiscal losses has been changed to indefinite. As of December 31, 2021 the Company has a total of KUSD 1,083,020 of carry forward fiscal losses.

17. Non-current lease liabilities – current portion

Non-current lease liabilities – current portion amount to KUSD 640 (2020: KUSD 620) and relate to the office contract 2022 portion.

18. Trade and other payables

Trade and other payables consist on the following:

(thousand US Dollars)	**Dec. 31, 2021**	**Dec. 31, 2020**
Payables related to capital expenditures	38,000	0
Other payables - Related parties	3,601,940	16,299
Other payables - Third parties	611	1,028
	3,640,551	**17,327**

All carrying amounts of the financial instruments approximate the fair value.

The payables related to capital expenditures are related to the capital increase towards Eni Gabon SA for KUSD 38,000.

Other payables mainly relate to the payable to Eni SpA regarding the dividend payable for KUSD 3,600,000.

Details on payables with related parties are disclosed in note 32.

19. Other tax payables

Other tax payables amount to KUSD 243 (2020: KUSD 276) and mainly relate to wage tax payables.

20. Non-current lease liabilities

Non-current lease liabilities amount to KUSD 1,259 (2020: KUSD 1,933) and relate to the office contract for the period 2023-2025.

Provisions

(thousand US Dollars)	Provisions for losses related to investments	Provision for contingencies	Total
Balance January 1, 2020	**1,735,151**	**0**	**1,735,151**
New or increased provisions	271,731	7,139	278,870
Reversal of unutilized provisions	(386,863)	0	(386,863)
Exchange differences	1,633	0	1,633
Other changes	1,300	0	1,300
Balance December 31, 2020	**1,622,952**	**7,139**	**1,630,091**
New or increased provisions	21,614	0	21,614
Reversal of unutilized provisions	(77,987)	(1,805)	(79,792)
Other changes	(40)	0	(40)
Balance December 31, 2021	**1,566,539**	**5,334**	**1,571,873**

Provisions for losses on investments includes provisions relating to investments whose loss exceeds the equity and are primarily related to Eni Exploration and Production Holding BV for KUSD 1,445,877, Eni Gabon SA for KUSD 78,703, Eni USA R&M Co. Inc. for KUSD 20,345 and Eni Montenegro BV for KUSD 16,820. The future capital contributions to these entities to recover the losses is expected within the range of 2022-2025.The amount and timing of these outflows are immensely influenced by the oil price scenario.

Provisions for contingencies include provisions relating to the expected credit losses on guarantees.

21. Other non-current liabilities

The financial liability for other non-current liabilities amounts to KUSD 115,450 (2020: KUSD 115,057) and relates to the appropriation of the abandonment fund provision of Eni Croatia BV, a company that was sold in 2018. Interest is accrued on the outstanding amount at the one year Libor rate for the offering of deposits in US Dollars published on December 31 of the previous year. The financial liability is expected to be paid at the latest in 2036.

22. Shareholder's equity

Share capital

The authorised share capital consists of 250,000,000 ordinary shares of EUR 5 nominal value each. As at December 31, 2021, 128,336,685 (2020: 128,336,685) ordinary shares were issued and fully paid.

Under Dutch Law, share capital is translated at year-end rate. The EUR/USD exchange rate used as at December 31, 2021 was 1.13265 instead of 1.22695 in 2020. The amount of share capital using the year-end rate is equal to KUSD 726,803 as of December 31, 2021 (2020: KUSD 787,313).

Share premium

The share premium is a distributable reserve and represents capital injections made by the Shareholder through the years. During 2021, the Company has received a capital increase from the sole Shareholder of KUSD 2,119,799 (2020: KUSD 6,500,000).

Legal reserve

As required by the Dutch Law, the legal reserve amounts to the portion of the results not freely distributable. This mainly relates to the Company's share of the shareholdings profit minus the related dividends of those shareholdings for which the Company cannot control the dividend distribution and the Company's share of the subsidiary's profit to be allocated to its legal reserve.

Cumulative currency translation differences

The currency translation differences are related to the cumulative translation adjustments in the shareholdings equities if these are expressed in a different currency than US Dollar. This reserve is not distributable to the shareholder.

Other reserves

The other reserves are related to other not monetary changes in the shareholdings' equity and to the currency translation difference on share capital. This reserve is not distributable to the shareholder.

(Accumulated Deficit)/ Retained earnings

The Company has a accumulated deficit for an amount of KUSD 94,166 (2020: retained earnings KUSD 1,006,318). This reserve is composed of prior years' net result.

Interim dividend

During the year the Shareholder resolved to distribute KUSD 3,300,000 of dividends out of the current year profits. The representation in the table of net equity follows the one provided by the Shareholder Eni SpA to the market.

The distribution of dividends was made as follows:

	KUSD	
Total Dividends	6,000,000	
Paid	2,400,000	
Outstanding	**3,600,000**	Shown in Note 32
Interim Dividends	3,300,000	
Out of share premium	1,700,000	
Out of retained earning	1,000,000	
Total Dividends	**6,000,000**	
Cashed out	2,400,000	
Outstanding	**3,600,000**	Shown in Note 32 and in note 18

Proposal of result

Management proposed to the sole Shareholder that the year 2021 loss be offset against the share premium.

23. Other income and Revenues

Revenues amount to KUSD 13,874 (2020: KUSD 14,784). Revenues are mainly related to the overhead (G&A) charged to Eni Exploration & Production Holding BV which was KUSD 6,899 for 2021 (2020: KUSD

7,549) and services charged to the subsidiaries for KUSD 6,962 (2020: KUSD 7,231). Revenues have been generated and recognized over time.

24. Purchases, services and other

Purchases, services and other amount to KUSD 10,253 (2020: KUSD 6,339) and are mainly related to purchase costs and other professional services for KUSD 7,264 and a provision for operational costs towards Point Resources Holding AS for KUSD 2,183. The increase of KUSD 3,914 is mainly due to cost for Blue Power Agreement and higher general and administrative costs.

25. Payroll and related costs

Payroll and related costs consists of the following:

(thousand US Dollars)	**2021**	**2020**
Wages and salaries	4,992	5,270
Social security contribution	769	708
	5,761	**5,978**

Wages and salaries amount to KUSD 4,992 (2020: KUSD 5,270). The difference is mainly due to reduction of average work force and different salary mix for replacement of outgoing staff

The following table summarizes the average workforce:

(number)	**2021**	**2020**
Senior managers	3	3
Employees	42	43
	45	**46**

The Company does not have employees working outside the Netherlands. All employees are involved in staff activities.

26. Depreciation and amortization

Depreciation and amortization charges include the following:

(thousand US Dollars)	**2021**	**2020**
Property, plant and equipment	47	76
Leasing right-of-use assets	701	669
	748	**745**

27. Losses on de-recognitions/extinctions

Losses on de-recognitions/extinctions amount to KUSD Nil (2020: KUSD 5,000). During the previous year, it related to the write off of the alternative project in Kazakhstan.

28. Finance income

Finance income consists of the following:

(thousand US Dollars)	**2021**	**2020**
Interest from banks	903	2,157
Net exchange result	0	4,274
Income on derivatives related to exchange risk - realized	3,484	0
Other finance income	34,912	33,347
	39,299	**39,778**

Interests from banks amount to KUSD 903 (2020: KUSD 2,157). The decrease of KUSD 1,254 relates to lower interest rates.

Other finance income amounts to KUSD 34,912 (2020: KUSD 33,347) and is mainly related to guarantee fees for an amount of KUSD 30,325 (2020: KUSD 30,522), to decrease of expected credit losses on financial guarantees for KUSD 3,988, to rebate interests received from Sumitomo Mitsui Banking Corporation Europe Limited related to the financing of Angola Ltd for KUSD 207 (2020: KUSD 2,360) and to interest on the Shareholders loan with SEREE for KUSD 392 (2020: KUSD 449).

29. Finance expense

Finance expense consists of the following:

(thousand US Dollars)	**2021**	**2020**
Interest expense from borrowings	92	63
Net exchange result	2,349	0
Financial expenses on receivables and securities - operating activities	159	31
Realized losses on derivative instruments on exchange risk	0	2,978
Other finance expense	487	10,478
	3,087	**13,550**

Other finance expense amounts to KUSD 487 (2020: KUSD 10,478) and mainly relates to the interest on the abandonment fund provision of Eni Croatia BV and favourable movement for the net exchange result. The decrease of KUSD 10,463 is mainly due to the decrease of expected credit losses on financial guarantees.

30. Income taxes

The Company is subject to taxes in the Netherlands. The effective tax rate differs from the statutory tax rate in the Netherlands primarily due to foreign operations exempted from income and dividend taxes in the Netherlands. Starting from the fiscal year 2010, the Company and Eni Exploration & Production Holding BV form a fiscal unity for the corporate income tax. The following companies entered the fiscal unity later on: Eni Venezuela BV (in 2016), Eni Mozambique LNG Holding BV (in 2017), Eni Benelux BV (in 2019) and Eni Energy Solutions BV (2020). Eni International BV is the head of the fiscal unity and is jointly and severally liable for the taxes which are to be paid by the unity. The corporate income tax is calculated within the fiscal unity on a notional stand-alone basis with the resulting tax position presented as a payable or receivable with the head of the fiscal unity.

Income tax consists of:

(thousand US Dollars)	**2021**	**2020**
(Decrease)/ Increase of deferred tax receivables	(1,030)	3,464
Withholding tax	(1,104)	(373)
Total	**(2,134)**	**3,091**

In 2021, the Company decreased the deferred taxes for KUSD 1,030 (2020: increase of KUSD 3,464). The decrease is mainly due to lower foreseen taxable income.

The difference between the statutory and effective tax rate is due to the following factors:

	2021	**2020**
Statutory tax rate: Netherlands	**25.0%**	**25.0%**
Items decreasing statutory tax rate:		
Participation exemption	(25.0%)	(25.0%)
Change in recognized deductible temporary differences: in relation to temporary differences	(0.1%)	(0.2%)
Effective tax rate	**(0.1%)**	**(0.2%)**

31. Transactions with related parties

The Company enters into transactions concerning the exchange of goods, provision of services and financing with affiliated companies and subsidiaries as well as with entities owned or controlled by the Italian government.

The following is a description of trade and financing transactions with related parties:

	For the year 2021				Dec 31, 2021	
(thousand US dollars)	Revenues from Operation	Cost of Services	Interest income	Interest charge	Receivables and other assets	Payables and other liabilities
Eni SpA (Div. Exploration & Production)	0	406	0	0	0	3,600,085
Naoc-Nigerian Agip Oil Co Ltd	0	0	0	0	52	0
Eni UK Ltd	17	0	0	0	72	0
VAR Energi AS	0	0	0	0	21,336	0
Eni Congo SA	0	0	0	0	277	0
Eni Corporate	0	450	0	0	1,864	452
Eni Exploration & Production Holding BV	6,936	0	0	0	6,912	0
Eni Ecuador SA	0	0	0	0	1	0
Eni Deutschland GmbH	0	145	0	0	2	0
Saipem International BV	13	0	0	0	4	0
Agip Karachaganak BV	915	0	0	0	250	0
Agip Caspian Sea BV	637	0	0	0	189	0
Eni Tunisia BV	95	0	0	0	22	0
Eni China BV	50	0	0	0	16	0
Eni North Africa BV	263	0	0	0	166	0

Ieoc Exploration BV	39	0	0	0	0	0
Eni Angola Exploration BV	114	0	0	0	40	0
Eni Algeria Exploration BV	76	0	0	0	354	0
Nigerian Agip Exploration Ltd	0	0	0	0	53	0
Eni Iran BV	40	0	0	0	7	0
Eni Finance International SA (ex ECC)	0	0	903	23	2,232,051	0
EniServizi SpA	0	32	0	0	0	3
Eni Algeria Production BV	77	0	0	0	78	0
Ieoc Production BV	188	0	0	0	48	0
Eni Angola Production BV	104	0	0	0	229	0
Eni Ireland BV	31	0	0	0	9	0
Eni Denmark BV	23	0	0	0	107	0
Eni Venezuela BV	202	0	0	0	105	0
Eni Corporate University SpA	0	10	0	0	0	0
Eni Australia BV	29	0	0	0	11	0
Eni G&P Trading BV	131	0	0	0	46	0
Blue Stream Pipeline Co BV	23	0	0	0	7	0
Eni JPDA 03-13 Ltd	0	0	0	0	22	0
Eni Australia Ltd	0	0	0	0	10	0
Eni Oil Holdings BV	40	0	0	0	13	0
Eni Pakistan (M) Ltd Sarl	52	0	0	0	18	0
Eni Algeria Ltd Sarl	42	0	0	0	14	0
Eni International Resources Ltd	0	8	0	0	0	8
Eni International NA NV Sarl - LNG	14	0	0	0	14	0
Eni Gas & Power LNG Australia BV	51	0	0	0	10	0
Eni Muara Bakau BV	120	0	0	0	25	0
Eni Insurance Designated Activity Co	0	4,205	0	0	0	1,350
Eni Energy Russia BV	55	0	0	0	15	0
Eni G&P France BV	0	0	0	0	1	0
Eni JPDA 06-105 Pty Ltd	0	0	0	0	12	0
Eni Iraq BV	211	0	0	0	19,033	0
Eni Ghana Exploration and Production Ltd	20	0	0	0	261	0
Eni Gabon SA	0	0	0	0	0	38,000
Eni Ukraine Holding BV	46	0	0	0	10	0
Eni Gas Transport Services SA	0	0	0	0	0	17
Eni Vietnam BV	152	0	0	0	114	0
Eni Kenya BV	105	0	0	0	46	0
Eni Mozambique LNG Holding BV	202	0	0	0	237	0
Eni Myanmar BV	46	0	0	0	20	0
Eni South Africa BV	212	0	0	0	0	25
Eni ULX Ltd	0	0	0	0	50	0
Eni JPDA 11-106 BV	27	0	0	0	9	0
Greenstream BV	186	(32)	0	0	69	0
Eni Energy (Shanghai) Co Ltd	0	0	0	0	3	0
Eni Cyprus Ltd	0	0	0	0	252	0

Eni Isatay BV	160	0	0	0	54	0
Eni Abu Dhabi BV	178	0	0	0	36	0
Eni Portugal BV	14	0	0	0	0	0
Eni Mexico S. de RL de CV	0	0	0	0	1,862	0
Eni Montenegro BV	222	0	0	0	130	0
Eni Maroc BV	179	0	0	0	154	0
Eni Oman BV	55	0	0	0	162	0
Eni Rovuma Basin BV	63	0	0	0	16	0
Eni Lebanon BV	119	0	0	0	135	0
Eni Sharjah BV	55	0	0	0	26	0
Eni Bahrain BV	51	0	0	0	64	0
Eni Abu Dhabi (Refining) BV	58	0	0	0	10	0
Eni RAK BV	82	0	0	0	218	0
Eni Albania BV	258	0	0	0	128	0
Arm Wind Llp	0	0	0	0	9	0
Eni Energy Solutions BV (EGL)	75	0	0	0	19	0
Eni Gas Liquefaction BV	46	0	0	0	13	0
Eni Cote d'Ivoire ltd	391	0	0	0	55	0
	13,590	**5,224**	**903**	**23**	**2,287,657**	**3,639,940**

	For the year 2020				Dec 31, 2020	
(thousand US dollars)	Revenues from Operation	Cost of Services	Interest income	Interest charge	Receivables and other assets	Payables and other liabilities
Eni SpA (Div. Exploration & Production)	0	380	0	0	0	0
Naoc-Nigerian Agip Oil Co Ltd	0	0	0	0	31	0
Eni UK Ltd	0	0	0	0	73	0
VAR Energi AS	0	0	0	0	21,577	0
Eni Congo SA	0	0	0	0	279	0
Eni Corporate	0	400	0	0	2,373	1,163
Eni SpA (Div. Refining & Marketing)	0	118	0	0	0	0
Eni Exploration & Production Holding BV	7,589	0	0	0	7,557	0
Eni Ecuador SA	0	0	0	0	1	0
Eni Deutschland GmbH	0	138	0	0	2	0
Saipem International BV	13	0	0	0	0	0
Agip Karachaganak BV	1,632	0	0	0	370	0
Agip Caspian Sea BV	785	2,404	0	0	186	0
Eni Tunisia BV	117	0	0	0	28	0
Eni China BV	56	0	0	0	14	0
Eni North Africa BV	302	0	0	0	94	0
Eni Angola Exploration BV	90	0	0	0	26	0
Eni Algeria Exploration BV	77	0	0	0	368	0
Nigerian Agip Exploration Ltd	0	(8)	0	0	114	0
Eni Iran BV	48	0	0	0	8	0
Eni Finance International SA	0	0	2,157	6	423,509	0
EniServizi SpA	0	6	0	0	0	0

Eni Algeria Production BV	86	0	0	0	74	0
Ieoc Production BV	208	0	0	0	70	0
Eni Angola Production BV	90	0	0	0	233	0
Eni Ireland BV	34	0	0	0	13	0
Eni Denmark BV	40	0	0	0	115	0
Eni Venezuela BV	426	0	0	0	120	14,577
Eni Corporate University SpA	0	5	0	0	0	0
Eni Australia BV	41	0	0	0	9	0
Eni G&P Trading BV	147	0	0	0	49	0
Blue Stream Pipeline Co BV	22	(7)	0	0	0	0
Eni JPDA 03-13 Ltd	0	0	0	0	25	0
Eni Australia Ltd	0	0	0	0	10	0
Eni Oil Holdings BV	56	(8)	0	0	26	0
Eni Pakistan (M) Ltd Sarl	54	0	0	0	14	0
Eni Algeria Ltd Sarl	31	0	0	0	7	0
Eni International Resources Ltd	0	23	0	0	0	7
Eni International NA NV Sarl - LNG	5	0	0	0	0	0
Eni Gas & Power LNG Australia BV	67	0	0	0	25	0
Eni Muara Bakau BV	166	0	0	0	37	0
Banque Eni SA	0	0	0	0	7,354	0
Eni Insurance Designated Activity Co	0	1,992	0	0	0	531
Eni Energy Russia BV	73	0	0	0	16	0
Eni G&P France BV	0	0	0	0	1	0
Eni JPDA 06-105 Pty Ltd	0	0	0	0	12	0
Eni Iraq BV	221	0	0	0	32	0
Eni Ghana Exploration & Production Ltd	20	0	0	0	215	0
Eni Ukraine Holding BV	57	0	0	0	15	0
Eni Gas Transport Services SA	0	0	0	0	0	23
Eni Liberia BV	20	0	0	0	0	0
Eni Vietnam BV	172	0	0	0	65	0
Eni Kenya BV	79	0	0	0	38	0
Eni Mozambique LNG Holding BV	136	0	0	0	281	0
Eni Myanmar BV	61	0	0	0	30	0
Eni South Africa BV	60	0	0	0	14	0
Eni ULX Ltd	0	0	0	0	50	0
Eni JPDA 11-106 BV	38	0	0	0	64	0
Greenstream BV	203	(33)	0	0	54	0
Eni Lubricants Trading Shanghai Co Ltd	3	0	0	0	3	0
Eni Cyprus Ltd	0	0	0	0	251	0
Eni Isatay BV	148	0	0	0	58	0
Eni Abu Dhabi BV	152	0	0	0	30	0
Eni Portugal BV	51	0	0	0	15	0
Eni Mexico S. de RL de CV	0	0	0	0	1,936	0
Eni Montenegro BV	68	0	0	0	73	0
Eni Maroc BV	101	0	0	0	7	0
Eni Oman BV	100	0	0	0	166	0
Eni Rovuma Basin BV	52	0	0	0	14	0
Eni Lebanon BV	151	0	0	0	42	0
Eni Sharjah BV	60	0	0	0	0	0

Eni Bahrain BV	50	0	0	0	69	0
Eni Abu Dhabi (Refining) BV	50	0	0	0	15	0
Eni RAK BV	42	0	0	0	201	0
Eni Albania BV	33	0	0	0	33	0
Arm Wind Llp	0	0	0	0	36	0
Eni New Energy Pakistan (Private) Ltd	0	3	0	0	0	0
Eni Energy Solutions BV	39	0	0	0	16	0
Eni Gas Liquefaction BV	31	0	0	0	34	0
	14,453	**5,413**	**2,157**	**6**	**468,677**	**16,301**

Eni SpA (E&P Division and Corporate) is the ultimate parent company, all other entities are subsidiaries, joint ventures or associates.

32. Disclosures on fair value of financial instruments

The classification of financial assets and liabilities, measured at fair value in the balance sheet, is provided according to the fair value hierarchy defined on the basis of the relevance of the inputs used in the measurement process. In particular, on the basis of the features of the inputs used in making the measurements, the fair value used in the Company's evaluation is Level 3.

There is no difference between the book value and the fair value of financial assets and liabilities.

33. Guarantees

The Company issued the following guarantees as at December 31, 2021:

Financial Guarantees				***Amount in KUSD equivalent***
Guaranteed Entity	***Beneficiary***	***Original Ccy***	***Nominal***	***Outstanding***
Coral DMCC	Credit Agricole / Sumitomo	USD	1,777,778	1,209,784
Coral FLNG SA	Consortium	USD	1,426,988	191,519
Eni Ghana Exploration & Production Ltd	Yinson Production (west Africa) Pte Ltd	USD	900,000	900,000
Eni North Sea Wind Ltd	SSE Renewables Offshore Windfarm Holdings Ltd Equinor New Energy Ltd	GBP	853,309	853,309
Eni UK Ltd	Enron Capital & Trade Resources Ltd	GBP	229,213	229,213
Eni Algeria Exploration BV	BHP Billiton Petroleum (International Exploration) Pty Ltd	USD	150,000	150,000
Var Energi AS	Exxonmobil Exploration and Production Norway AS	USD	229,085	229,085
Eni Australia Ltd	Shell Australia Pty Ltd	USD	50,000	50,000
Arm Wind LLP	GE Wind Energy GmbH	EUR	48,670	48,670
Eni Deutschland GmbH	Ex Sudpetrol Employees	EUR	9,186	9,186
Eni UK Ltd	CNR International UK Ltd	USD	2,000	103
Eni Mexico s. de.r.l. de c.v.	Sapura Energy Mexicana SAPI de CV	USD	116,000	116,000
Eni Mexico s. de.r.l. de c.v.	Saimexicana S.A. de C.V.	USD	60,000	60,000
Eni New Energy US Inc.	Bluebell Solar Holdings II LLC	USD	25,454	25,454

Brazoria County Solar Project Llc	First Solar Inc.	USD	62,500	62,500
Eni Algeria Exploration BV	Sonatrach	USD	1	1
			5,940,184	**4,134,824**

Performance Guarantees

				Amount in KUSD equivalent
Guaranteed Entity	***Beneficiary***	***Original Ccy***	***Orginal***	***Outstanding***
Eni Angola Production/Eni Angola Exploration	Sonangol	USD	Unlimited	Unlimited
Eni Algeria Exploration BV	Sonatrach	DZD	Unlimited	Unlimited
Eni Algeria Exploration BV	Sonatrach	DZD	Unlimited	Unlimited
Eni Algeria Exploration BV	Sonatrach	DZD	Unlimited	Unlimited
Eni Algeria Production B.V.	Sonatrach	DZD	Unlimited	Unlimited
Eni Ghana Exploration & Production Ltd	Ghana National Petroleum Corporation	USD	Unlimited	Unlimited
Eni Venezuela BV	PDVSA Gas S.A	USD	Unlimited	Unlimited
Eni Denmark BV	Greenland Self-Government / Danish State	USD	Unlimited	Unlimited
Eni Congo S.A	Chevron International Limited	USD	Unlimited	Unlimited
Eni ULX Limited	BHP Billiton Petroleum Great Britain Limited	USD	Unlimited	Unlimited
Eni Denmark BV	Greenland Self-Government / Danish State	USD	Unlimited	Unlimited
Eni Mexico s. de.r.l. de c.v.	CNH Comision Nacional de Hydrocarburos	USD	Unlimited	Unlimited
Eni Montenegro B.V.	State of Montenegro	USD	Unlimited	Unlimited
Eni Cote d'Ivoire Ltd	Republic of Ivory Coast	USD	Unlimited	Unlimited
Eni Cote d'Ivoire Ltd	Republic of Ivory Coast	USD	Unlimited	Unlimited
Eni Lebanon B.V.	Republic of Lebanon	USD	Unlimited	Unlimited
Eni Lebanon B.V.	Republic of Lebanon - Block 9	USD	Unlimited	Unlimited
Eni Mexico s. de.r.l. de c.v.	CNH Comision Nacional de Hydrocarburos	USD	Unlimited	Unlimited
Eni Mexico s. de.r.l. de c.v.	CNH Comision Nacional de Hydrocarburos	USD	Unlimited	Unlimited
Eni Oman BV	Government of the Sultanate of Oman	USD	Unlimited	Unlimited
Eni Algeria Exploration BV	ALNAFT	USD	Unlimited	Unlimited
Eni Algeria Exploration BV	ALNAFT	USD	Unlimited	Unlimited
Eni Algeria Exploration BV	ALNAFT	USD	Unlimited	Unlimited
Eni Oman BV	Government of the Sultanate of Oman	USD	Unlimited	Unlimited
Eni Bahrain BV	National Oil and Gas Authority	USD	Unlimited	Unlimited
Eni Argentina Exploracion y Explotacion SA	Energy Ministry of Argentina	USD	Unlimited	Unlimited
Eni Cyprus Ltd	Ministry of Energy, Commerce and Industry of Cyprus	USD	Unlimited	Unlimited
Eni Cyprus Ltd	Ministry of Energy, Commerce and Industry of Cyprus	USD	Unlimited	Unlimited
Eni Cyprus Ltd	Ministry of Energy, Commerce and Industry of Cyprus	USD	Unlimited	Unlimited
Eni Cyprus Ltd	Ministry of Energy, Commerce and Industry of Cyprus	USD	Unlimited	Unlimited
Eni Cyprus Ltd	Ministry of Energy, Commerce and Industry of Cyprus	USD	Unlimited	Unlimited

Eni Oman BV	Government of the Sultanate of Oman	USD	Unlimited	Unlimited
Eni Mexico s. de.r.l. de c.v.	CNH Comision Nacional de Hydrocarburos	USD	Unlimited	Unlimited
Eni Vietnam BV	VIETNAM OIL AND GAS GROUP	USD	Unlimited	Unlimited
Eni Iran B.V.	National Iranian Oil Co.	USD	76,050	-
Eni (BTC) Investment Co	Baku-Tbilisi-Ceyhan Pipeline Company &	USD	202,650	-
Eni Iran B.V.	National Iranian Oil Co.	USD	260,100	-
Eni Iran B.V.	National Iranian Oil Co.	USD	1,156,800	-
Eni Iran B.V.	National Iranian Oil Co.	USD	328,800	-
Nigerian Agip Oil Co (NAOC)	Nigerian National Petroleum Corp	USD	26,100	26,100
Nigerian Agip Oil Co (NAOC)	Nigerian National Petroleum Corp	USD	25,440	25,440
Eni North Africa BV	National Oil Corporation	USD	110,000	110,000
Eni North Africa BV	National Oil Corporation	USD	54,000	54,000
Eni North Africa BV	National Oil Corporation	USD	230,400	230,400
Nigerian Agip Exploration Limited	Nigerian National Petroleum Corp	USD	12,250	12,250
Eni JPDA 06-105 Pty Ltd	Autoridade Nacional Do Petroleo - ANP	USD	17,021	17,021
Eni Myanmar BV	Myanmar Oil and Gas Enterprise, the state-owened Burmese oil company.	USD	4,500	1,942
Eni Myanmar BV	Myanmar Oil and Gas Enterprise, the state-owened Burmese oil company.	USD	42,300	25,937
Eni JPDA 06-105 Pty Ltd	INPEX TIMOR SEA LTD /TALISMAN RESOURCES (JPDA 06-105) PTY LTD	USD	44,358	44,358
Eni Ghana Exploration & Production Ltd	Ghana National Petroleum Corporation	USD	18,875	18,875
Eni Mexico s. de.r.l. de c.v.	CNH Comision Nacional de Hydrocarburos	USD	3,250,000	3,250,000
Eni Mexico s. de.r.l. de c.v.	CNH Comision Nacional de Hydrocarburos	USD	1,875,000	1,875,000
Eni Sharjah BV	Sharjah Petroleum Counsil	USD	7,500	7,500
Eni Sharjah BV	Sharjah Petroleum Counsil	USD	15,000	15,000
Eni Sharjah BV	Sharjah Petroleum Counsil	USD	15,000	15,000
Eni Mexico s. de.r.l. de c.v.	Area1 Mexico MV34 B.V.	USD	2,700,000	2,700,000
Eni Isatay BV	KazMunayGas (KMG)	USD	85,000	79,642
Eni RAK BV	RAK Petroleum Authority	USD	1,000,000	1,000,000
Eni Mexico s. de.r.l. de c.v.	CNH Comision Nacional de Hydrocarburos	USD	1,000,000	1,000,000

Eni Cote d'Ivoire Ltd	Republic of Ivory Coast	USD	50,000	50,000
Eni Cote d'Ivoire Ltd	Republic of Ivory Coast	USD	45,000	45,000
Var Energi As	Exxonmobil Exploration and Production Norway AS	USD	2,000,000	2,000,000
Eni Mexico s. de.r.l. de c.v.	CNH Comision Nacional de Hydrocarburos	USD	1,625,000	1,625,000
Eni UK Ltd.	The Law Debenture Trust Corporation P.L.C	GBP	55,363	55,363
Eni North Sea Wind Ltd	Doggerbank Offshore Wind Farm Project 1 PROJCO Ltd	GBP	235,344	235,344
Eni North Sea Wind Ltd	Doggerbank Offshore Wind Farm Project 2 PROJCO Ltd	GBP	203,181	203,181
Eni JPDA 03-13 Limited	Santos NA (19-12) Pty Ltd and Autoridade Nacional do Petroleo e Minerais	USD	111,500	111,500
Eni UK Ltd.	The Law Debenture Trust Corporation P.L.C.	GBP	9,646	9,646
Eni Cote d'Ivoire Ltd	Republique de Cote d'Ivoire	USD	100,000	100,000
			16,992,178	**14,943,499**

34. Legal proceedings

(Indirect and direct) investments of Eni International BV are parties in a number of civil actions and administrative arbitral and other judicial proceedings arising in the ordinary course of business. These legal proceedings have not been provisioned in Eni International BV's separate financial statements because a negative outcome has been considered to be unlikely, because the amount of the provisions cannot be estimated reliably or because any provision may have already been recognized in the relevant subsidiaries' separate financial statements.

Nigeria
Eni Spa, through the Company, has an investment in Nigerian Agip Exploration Ltd. As of December 31, 2021, the net asset value of this investment is KUSD 1,736,672. This investment has an unproved mineral interest known as Oil Prospecting License 245 ("OPL 245"), located offshore Nigeria. The acquisition of OPL 245 is subject to judicial proceedings in Italy and in Nigeria for alleged corruption and money laundering in respect of the Resolution Agreement signed on April 29, 2011, relating to the purchase of the license.
Eni International BV has not been named as a party to any of the proceedings.

As of December 31, 2021, an impairment testing was performed on the investment which did not result in an impairment of the carrying value. The impairment test was based on the assumption that the OPL 245 exploration license will be renewed or converted into a mining license. The exploration period of the license OPL 245 expired on May 11, 2021. Eni is awaiting the conversion of the license into an Oil Mining Lease (OML) from the relevant Nigerian authorities to start the development of the reserves, having submitted an application for the conversion within the contractual terms and having verified compliance with all conditions and requirements provided for. Based on these considerations, Eni believes to have acquired the right to conversion. Consistently, the assessment of the recoverability of the asset book value was made in accordance with its value-in-use, which confirmed the book value also incorporating a stress test assuming possible delays in the start of production activities. Considering the proximity of the expiry date of the license, in September 2020, Eni SpA Group started an arbitration at ICSID, the international centre for settlement of investment disputes, to protect the value of its asset.

The Eni SpA group has recently disclosed the following on the status of, respectively, the Nigerian and Italian, proceedings:

(Beginning of quote) "A first-degree judgement of acquittal was issued by a tribunal in Milan in March 2021, where a criminal case was pending against certain Eni's employees and the Company itself as entity liable as per Italian Legislative Decree No. 231/01 for alleged international corruption in connection with the acquisition in 2011 of the OPL 245 exploration block in Nigeria. The case dates back to July 2014, when the Public Prosecutor of Milan served Eni with a notice of investigation pursuant to Italian Legislative Decree No. 231/01. The proceeding was commenced following a claim filed by NGO ReCommon relating to alleged corruptive practices which, according to the Public Prosecutor, allegedly involved the Resolution Agreement made on April 29, 2011 relating to the so-called Oil Prospecting License of the offshore oilfield that was discovered in OPL 245. Eni fully cooperated with the Public Prosecutor and promptly filed the requested documentation. Furthermore, Eni voluntarily reported the matter to the US Department of Justice ("DoJ") and the US SEC. In July 2014, Eni's Board of Statutory Auditors jointly with the Eni Watch Structure resolved to engage an independent, US-based law firm, expert in anticorruption, to conduct a forensic, independent review of the matter, upon informing the Judicial Authorities. After reviewing the matter, the US lawyers concluded that they detected no evidence of wrongdoing by Eni in relation to the 2011 transaction with the Nigerian government for the acquisition of the OPL 245 license. In September 2014, the Public Prosecutor notified Eni of a restraining order issued by a British judge who ordered the seizure of a bank account not pertaining to Eni domiciled at a British bank following a request from the Public Prosecutor. Since the act had also been notified to some individuals, including the CEO of Eni and the former Chief Development, Operation & Technology Officer of Eni and the former CEO of Eni, it was assumed that the same had been registered in the register of suspects at the Milan Prosecutor's office. During a hearing before a court in London in September 2014, Eni and its current executive officers stated their non- involvement in the matter regarding the seized bank account. Following the hearing, the Court reaffirmed the seizure. In December 2016, the Public Prosecutor of Milan notified Eni of the conclusion of the preliminary investigation and requested Eni's CEO, the Chief Development, Operations and Technological Officer and the Executive Vice President for international negotiations to stand trial, as well as Eni's former CEO and Eni SpA, pursuant to Italian Legislative Decree No. 231/01. Upon the notification to Eni of the conclusion of the preliminary investigation by the Public Prosecutor, the independent US-based law firm was requested to assess whether the new documentation made available from Italian prosecutors could modify the conclusions of the prior review. The US law firm was also provided with the documentation filed in the Nigerian proceeding mentioned below. The independent US law firm concluded that the reappraisal of the matter in light of the new documentation available did not alter the outcome of the prior review. In September 2019, the DoJ notified Eni that based on the information it currently possessed, the DoJ was closing its investigation of Eni in connection with OPL 245 without the filing of any charges. In December 2017, the Judge for preliminary investigation ordered the indictment of all the parties mentioned above, and other parties under investigation by the Public Prosecutor, before the Court of Milan. The request of the Federal Government of Nigeria (FGN) for admission as a civil claimant in the proceedings was granted in July 2018. The first instance trial of the Milan Prosecutor's OPL 245 charges began before the Court of Milan on June 20, 2018. Following the discussion of the parties, in response to the request for conviction for all the individuals and companies involved, at the hearing of March 17, 2021 the judge fully acquitted all the defendants, since there was no case.

In June 2021, the Second Instance Court of Milan also acquitted with the same acquittal formula the third parties who had opted for the shortened procedure and had been convicted in the first instance. This latter decision has become final.

On July 29, 2021 the Public Prosecutor of Milan and the Government of Nigeria filed an appeal against the first-degree sentence of March 17, 2021. The hearing was set for July 19, 2022.

In January 2017, Eni's subsidiary Nigerian Agip Exploration Ltd ("NAE") became aware of an Interim Order of Attachment ("Order") issued by the Nigerian Federal High Court upon request from the Nigerian Economic and Financial Crimes Commission (EFCC), attaching OPL 245 temporarily pending a proceeding in Nigeria relating to alleged corruption and money laundering. After making this application, Eni became aware of a formal filing of charges by the EFCC against NAE and other parties. In March 2017, the Nigerian Court revoked the Order. To NAE's knowledge EFCC charges have not been dropped but none of the defendants were served nor arraigned. In November 2018, Eni SpA and its subsidiaries NAE, NAOC and AENR (as well as some companies of the Shell Group) were notified of the intention of the Federal Government of Nigeria "FGN" to bring a civil claim before an English court to obtain compensation for damages allegedly deriving from the transaction that resulted in assignment of the OPL 245 to NAE and Shell subsidiary SNEPCO. On April 15, 2019 the Nigerian subsidiaries NAE, NAOC and AENR received formal notification of the commencement of the proceeding, while similar notification was received by Eni SpA on May 16, 2019. In the introductory deeds of the proceeding, the claim is set at $1,092 million or at any other amount that will be established during the proceedings. The FGN has based its assessment on an estimated fair value of the asset of $3.5 billion. Eni's interest in the asset is 50%. As the FGN is also acting as claimant in the Italian proceeding before the Court of Milan, this claim appears to duplicate the claims made before the Milan's Court against Eni employees. On May 22, 2020, the Judge accepted the argument presented by Eni and declined to exercise jurisdiction over the case, because the same case was pending before an Italian tribunal. The Judge also denied the FGN permission to appeal against the decision. Similarly, the Appeal Court rejected the FGN Government's claim to appeal the latter decision of the Judge, thus making it definitive.

On January 20, 2020, NAE was notified of the beginning of a new criminal case before the Federal High Court in Abuja. The proceeding, mainly focused on the accusations against Nigerian persons (including the Minister of Justice in office in 2011, at the time of the disputed facts), involves NAE and SNEPCO as co-holders of the OPL 245 license. These persons were accused in 2011 of illicit corruption, which NAE and SNEPCO allegedly unlawfully facilitated. The beginning of the trial, originally scheduled for the end of March 2020, has been postponed as a result of the closure of judicial offices in Nigeria due to the COVID-19 emergency and has been resumed at the beginning of 2021.

" (End of quote)

Congo

The Company holds 0.00012% in Eni Congo SA and through its subsidiary Eni E&P Holding BV the remaining 99.99976%.

The ENI SpA group has recently disclosed the following on the status of, respectively, the US and Italian, proceedings:

(Beginning of quote) "In March 2017, the Italian Finance Police served Eni with an information request in accordance with the Italian Code of Criminal Procedure in connection with an investigative file opened by the Public Prosecutor of Milan against unknown persons. The request related in particular to the agreements signed by Eni Congo SA with the Ministry for Hydrocarbons of the Republic of Congo in 2013, 2014 and 2015 in relation to exploration, development and production activities concerning certain permits held by Eni Congo SA for Congolese projects and Eni's relationships with Congolese companies that hold stakes in those projects. In July 2017, the Italian Financial Police, on behalf of the Public Prosecutor of Milan, served Eni with another information request and a notice of investigation pursuant to Legislative Decree No. 231/01 for alleged international corruption. The request expressly stated that it was based in part on the March 2017 information request and concerned the relationship of Eni and its subsidiaries with certain third-party

companies from 2012 to the present. Eni produced all of the documentation requested in March and July 2017 and voluntarily disclosed this matter to the relevant US authorities (SEC and DoJ). In January 2018, the Public Prosecutor's Office requested a six-months extension of the deadline for conducting its preliminary investigation into this matter, from January 31, 2018 until July 30, 2018. Subsequently in July 2018, the Public Prosecutor requested a second extension until February 28, 2019. In April 2018, the Public Prosecutor of Milan served Eni SpA with a further request for documentation and notified a former Eni employee, who was the then Chief Development, Operation & Technology Officer, of a search order stating that he and another Eni employee had been placed under investigation.

In October 2018, the Public Prosecutor ordered the seizure of an e-mail account of another Eni manager, who was formerly the general director of Eni in Congo during the period 2010 – 2013. In December 2018 and subsequently in May, September and December 2019, Eni was notified by the Public Prosecutor of Milan of a request for documents in accordance with the Italian Code of Criminal Procedure, concerning some economic transactions between Eni Group companies and certain third-party companies. All the required documentation has been produced to the Judge.

In September 2019, the Company was informed that the Company's CEO was served with a search decree and an investigation decree in connection with an alleged violation of article 2629 bis of the Italian Civil Code which penalizes directors of listed companies, who fail to communicate conflicts of interest. The alleged omission relates to the supply of logistics and transportation services to certain Eni's subsidiaries operating in Africa, among which Eni Congo SA, by third-party companies owned by Petroserve Holding BV, in the period 2007-2018. The claims are based on the allegations that the wife of the Company's CEO retained a shareholding of the above-mentioned holding company during part of the period of time under investigation. The Board of Directors of Eni SpA has never been involved in any resolution concerning the suppliers under investigation. Subsequently, on June 15, 2020, the company was informed that an extension of the investigations relating to these allegations was requested until December 21, 2020.

In April 2018, the Board of Statutory Auditors, the Watch Structure and the Control and Risk Committee of Eni jointly appointed an independent law firm and a professional consulting company, knowledgeable in the matter of anti-corruption, to carry out a forensic review of facts relating to Eni's work in Congo. Such review did not find any factual evidence as to the involvement of Eni, nor of any Eni employees and key managers, in the alleged crimes.

In November 2019, following the notification of further investigative documents, the Board of Statutory Auditors, the Watch Structure of Eni and the Control and Risk Committee asked the professional consultants, which had been engaged in 2018, also to review the conclusions reached, in the light of the documentation made available following the decree notified to the CEO in September 2019. The second report of the consultants, which was delivered in July 2020, integrates the findings achieved in the first report, particularly indicating that: (i) it is probable that the CEO's wife retained a shareholding in the Petroserve Group for a few years, at least, starting from 2009 until 2012; (ii) there is an absence of evidence to contradict the statements made by the CEO as to his lack of knowledge of his wife's interests in the ownership of Petroserve Group; (iii) absence of evidence that the activity of the abovementioned involved people was carried out in the interest of Eni.

On September 9, 2020, Eni was notified of a decree, setting a hearing due to the filing by the Public Prosecutor of Milan requesting a restrictive measure pursuant to Legislative Decree No. 231/01, relating to some oilfields in Congo. In particular, the Judge requested Eni to be banned from exploiting Djambala II, Foukanda II, Mwafi II, Kitina II, Marine VI Bis, Loango, Zatchi oilfields for 2 years and subordinately the appointment of a judicial commissioner to manage those oilfields.

In the decree setting the hearing for September 21, 2020, judge for preliminary investigations stated that the public prosecutor's injunction request was time-barred by a five-year statute of limitations. The claim had expired on July 14, 2020, since the Public Prosecutor alleged that the conduct in question was committed only until July 14, 2015. However, this five-year limitation period

had been suspended until September 16, 2020due to recent legislation regarding the COVID-19 pandemic. The Judge also stated that a claim was pending before the Constitutional Court about the constitutional legitimacy of the aforementioned COVID-19 legislation, with particular reference to the principle of non-retroactivity of an unfavorable rule. Therefore, the hearing first set for September 21, 2020, was postponed initially to December 10, 2020 pending the resolution of the Constitutional Court case and then, once the Constitutional Court declared the COVID-19 rule valid, to February 17, 2021, in order to await the entry of the opinion explaining the Constitutional Court's reasoning.

The hearing of February 17, 2021 was then postponed to March 25, 2021, because the Public Prosecutor changed the charge against Eni from international corruption to undue inducement to give or promise benefits. A possible course of action was then explored whereby the public prosecutor and the defendant may ask the judge to apply a penalty. On March 15, 2021, the Board of Directors of Eni SpA approved a settlement with the Public Prosecutor amounting to €11.8 million. At the hearing on March 25, 2021 the Judge for Preliminary Investigations approved the settlement and the Prosecutor also revoked the request for restrictive measures for Eni SpA." (End of quote)

Eni International BV is not a defendant in this case and the full amount of €11.8 million will be paid by Eni Spa.

35. Audit fees

In accordance with Article 382a sub 3 of the Dutch Civil Code, the audit fees are not disclosed, as the financial information of the Company is included in the consolidated financial statements of the ultimate parent company, Eni SpA. The audit fees are disclosed in a dedicated attachment called "Corrispettivi di Revisione Contabile e dei Servizi diversi del Revisore" ("Audit Fees and other considerations due to external independent auditors and their network") to the Separate Financial Statements of Eni SpA.

36. Subsequent Events

The subsequent events occurred after the year-end are the following:

During January 2022, Vår Energi announced the IPO and application for the listing on the Oslo Stock Exchange wherein the offer period expired on February 15, 2022. Eni's Share decreased from 69.85% to 64.25% resulting in cash in of approximately 428 million USD.

On February 14, 2022, the Company issued a replacement Parent Company Guarantee in favor of the Sharjah Petroleum Council for an amount of KUSD 10,000 related to a farmout agreement of 25% of the obligations under the Area C concession.

On February 18, 2022, the Company issued a Parent Company Guarantee in favor of RBC-Corazon Holding Company LLC for an amount of KUSD 130,000 in respect of the tax equity agreement related to the acquisition of a photovoltaic plant in southwestern Texas.

On February 18, 2022, the Company issued a Parent Company Guarantee in favor of BayWa r.e. Development LLC for an amount of KUSD 26,084 in respect of a Membership Interest Purchase Agreement related to the acquisition of a storage project under development in southwestern Texas.

On February 21, 2022, the Company issued two Parent Company Guarantees in favor of Baker Hughes de Mexico S. de R.L. de C.V. for a total amount of KUSD 27,000 in respect of several service contracts.

On February 21, 2022, the Company issued five Parent Company Guarantees in favor of Halliburton de Mexico S. de R.L. de C.V. for a total amount of KUSD 90,000 in respect of several service contracts.

On March 15, 2022, the Company subscribed shares in a Special Purpose Acquisition Company (SPAC) named New Energy One Acquisition Corporation Plc (NEOAC), floated in the London Stock Exchange for

a total amount of KGBP 19,470, with the purpose of identifying an investment in the decarbonization strategy.

The crisis in the relationships between Russia and Ukraine in February 2022 gave rise to an open conflict on a large scale. The full effects of the crisis on the economic and financial performance of the Company in 2022 is currently unpredictable. Based on analysis of impact of sanctions imposed by the US and the EU and assessment performed, the conclusion is that there is no significant impact for the Company as it has no relations with the Russian government or sanctioned parties.

The Group has announced the intention to exit the joint operation Blue Stream (Eni 50%), which runs the pipeline for the transport of natural gas from the Russian Federation through the Black Sea.

37. Remuneration of Directors

The Directors of the Company received remuneration for KUSD 1,606 in 2021 (2020: KUSD 2,051).

Signed by the Board of Directors in Amsterdam on March 15, 2022:

Francesco Esposito
Chairman

_____

Marco Vittorio Maria Bollini
Managing Director

_____

Francesca Zarri
Director

_____

Caterina Quaranta
Director

_____

Other Information

Appropriation of result

According to the Company's Articles of Association, the appropriation of the result is to be determined by the Annual General Meeting of the Shareholder.

Independent auditor's report

Independent auditor's report

To: the general meeting of Eni International B.V.

Report on the financial statements 2021

Our opinion

In our opinion, the financial statements of Eni International B.V. ('the Company') give a true and fair view of the financial position of the Company as at 31 December 2021, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ('EU-IFRS') and with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2021 of Eni International B.V., Amsterdam.

The financial statements comprise:

- the balance sheet as at 31 December 2021;
- the following statements for 2021: the profit and loss account, statements of comprehensive income, changes in Shareholder's equity and cash flows; and
- the notes, comprising the significant accounting policies and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

PricewaterhouseCoopers Accountants N.V., Fascinatio Boulevard 350, 3065 WB Rotterdam, P.O. Box 8800, 3009 AV Rotterdam, the Netherlands
T: +31 (0) 88 792 00 10, F: +31 (0) 88 792 95 33, [redacted]

Independence

We are independent of Eni International B.V. in accordance with the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Report on the other information included in the annual report

The annual report contains other information. This includes all information in the annual report in addition to the financial statements and our auditor's report thereon.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains all the information regarding the directors' report and the other information that is required by Part 9 of Book 2of the Dutch Civil Code.

We have read the other information. Based on our knowledge and the understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those procedures performed in our audit of the financial statements.

The board of directors is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Responsibilities for the financial statements and the audit

Responsibilities of the board of directors

The board of directors is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the board of directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the board of directors is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the board of directors should prepare the financial statements using the going-concern basis of accounting unless the board of directors either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. The board of directors should disclose in the financial statements any event and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Rotterdam, 22 April 2022
PricewaterhouseCoopers Accountants N.V.

Original has been signed by I.J.C. Lefebure RA

Appendix to our auditor's report on the financial statements 2021 of Eni International B.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Concluding on the appropriateness of the board of directors' use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.
  Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the financial statements, we are responsible for the direction, supervision and performance of the audit of the financial statements. In this context, we have determined the nature and extent of the audit procedures for subsidiaries to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Eni International BV

Amsterdam, the Netherlands
World Trade Center, Strawinskylaan 1725
1077 XX Amsterdam

Eni in 2021

Summary annual report

Mission

We are an energy company.
13 15 We concretely support a just energy transition,
with the objective of preserving our planet
7 12 and promoting an efficient and sustainable access to energy for all.
9 Our work is based on passion and innovation,
on our unique strengths and skills,
5 10 on the equal dignity of each person,
recognizing diversity as a key value for human development,
on the responsibility, integrity and transparency of our actions.
17 We believe in the value of long-term partnerships with the Countries
and communities where we operate, bringing long-lasting prosperity for all.

Global goals for a sustainable development

The 2030 Agenda for Sustainable Development, presented in September 2015, identifies the 17 Sustainable Development Goals (SDGs) which represent the common targets of sustainable development on the current complex social problems. These goals are an important reference for the international community and Eni in managing activities in those Countries in which it operates.

Eni in 2021

Summary annual report

Information about this report

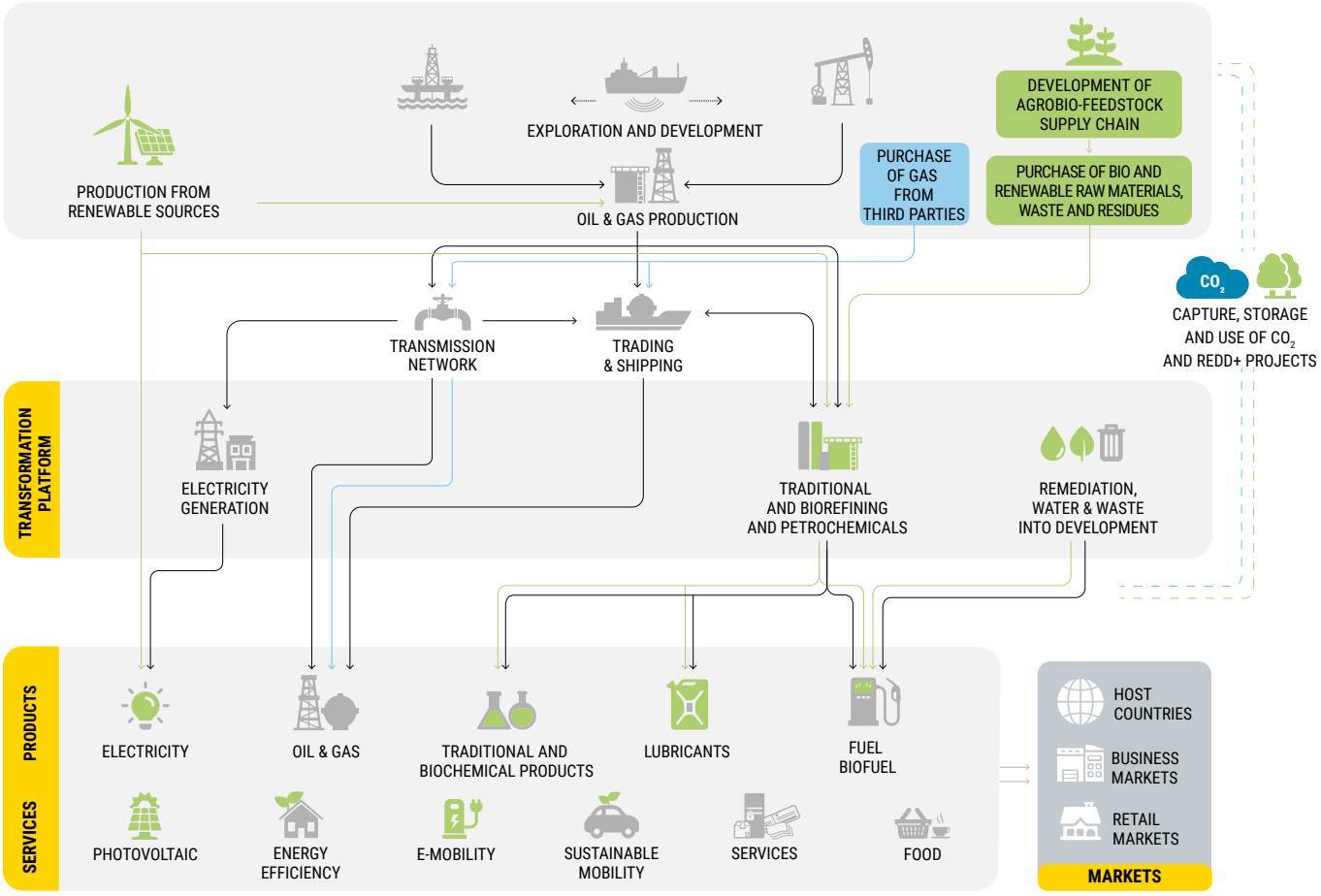
This summary review comprises an extract of the description of the businesses, the management's discussion and analysis of financial condition and results of operations and certain other Company information from Eni's Annual Report for the year ended December 31, 2021.

It does not contain suffcient information to allow as full an understanding of financial results, operating performance and business developments of Eni as "Eni 2021 Annual Report" and "Annual Report on Form 20-F 2021". It is not deemed to be filed or submitted with any Italian or US market or other regulatory authorities. You may obtain a copy of "Summary Annual Report - Eni in 2021", "Annual Report 2021", "Annual Report on Form 20-F 2021" and "Fact Book 2021" on request, free of charge, through an e-mail request addressed to the mailbox: request@eni.com. These reports may be downloaded from Eni's website under the section "Publications". Financial data presented in this report is based on consolidated financial statements prepared in accordance with the IFRS endorsed by the EU. This report contains certain forward-looking statements particularly those regarding capital expenditure, development and management of Oil & Gas resources, dividends and share repurchases, allocation of future cash flow from operations, future operating performance, gearing, targets of production and sale growth, new markets and the progress and timing of projects. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will or may occur in the future. Actual results may differ from those expressed in such statements, depending on a variety of factors, including the impact of the pandemic disease; the timing of bringing new fields on stream; management's ability in carrying out industrial plans and in succeeding in commercial transactions; future levels of industry product supply; demand and pricing; operational problems; general economic conditions; political stability and economic growth in relevant areas of the world; changes in laws and regulations; development and use of new technologies; changes in public expectations and other changes in business conditions; the actions of competitors and other factors discussed elsewhere in this document. As Eni shares, in the form of ADRs, are listed on the New York Stock Exchange (NYSE), an Annual Report on Form 20-F has been filed with the US Securities and Exchange Commission in accordance with the US Securities Exchange Act of 1934. Eni discloses on its Annual Report on Form 20-F significant ways in which its corporate governance practices differ from those mandated for US companies under NYSE listing standards. The term "shareholders" in this report means, unless the context otherwise requires, investors in the equity capital of Eni SpA, both direct and/or indirect. Eni shares are traded on the Italian Stock Exchange (Mercato Telematico Azionario) and on the New York Stock Exchange (NYSE) under the ticker symbol "E".

Our activities

Eni engages in producing and selling energy products and services to worldwide markets, with operations in the traditional businesses of exploring for, developing, extracting and marketing crude oil and natural gas, manufacturing and marketing oil-based fuels and chemicals products and gas-fired power as well as energy products from renewable sources. The company is implementing a strategy designed to reduce in the long-term its dependence on hydrocarbons and to increase the weight of decarbonized products in its portfolio with the aim of reaching the target of net-zero greenhouse gas emissions by 2050 to pursue the most ambitious target of the Paris Agreement to limit global average temperature increase to 1.5°C by the end of the century. Management believes this strategic shift away from traditional hydrocarbons will place the Company in a very competitive position in the market for the supply of decarbonized products, combining value creation, business sustainability and economic and financial robustness, lessening the Company's dependence on the volatility of the results of the hydrocarbons businesses.

Consolidated expertise, technologies and geographical distribution of assets are Eni levers to strengthen its presence along the value chain. Eni is committed to become a leading company in the production and sale of decarbonized energy products, increasingly customer-oriented. Gas will be an important support to intermittent sources in the energy transition. Decarbonization will be achieved through the implementation and strengthening existing technologies and activities.



operating in
69 Countries

beyond
32,000
our employees

64%
36%

BIOREFINERIES with an increasing input of raw material from waste and from an integrated agribio-feedstock production chain not in competition with food production.

Natural or artificial **CARBON CAPTURE** to absorb residual emissions through Natural Climate Solutions, including REDD+ forest conservation initiatives and CCS projects.

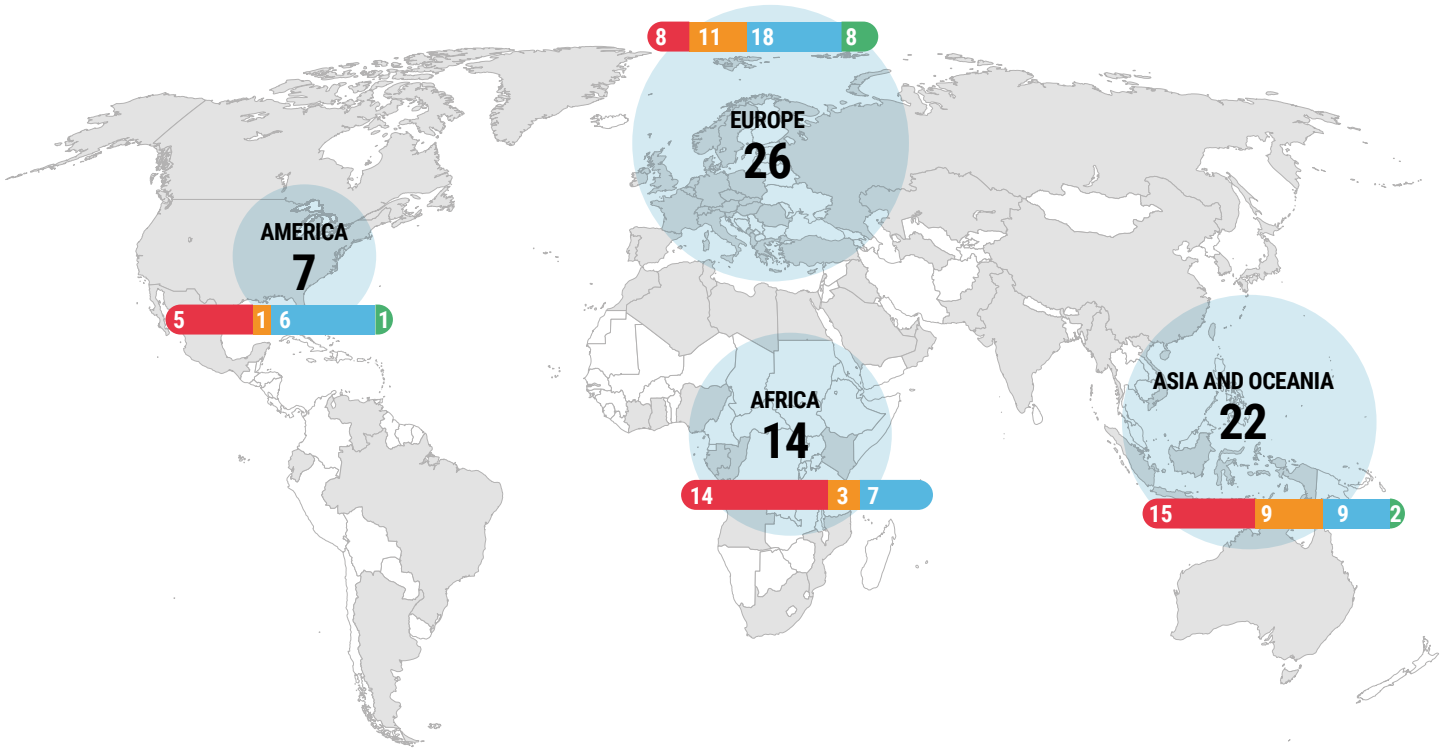
BLUE AND GREEN HYDROGEN to power highly energy-intensive industrial activities and sustainable mobility.

CIRCULAR ECONOMY with increased production of biomethane, use of waste products and recycling of end products.

EFFICIENCY and **DIGITALIZATION** in operations and customer services.

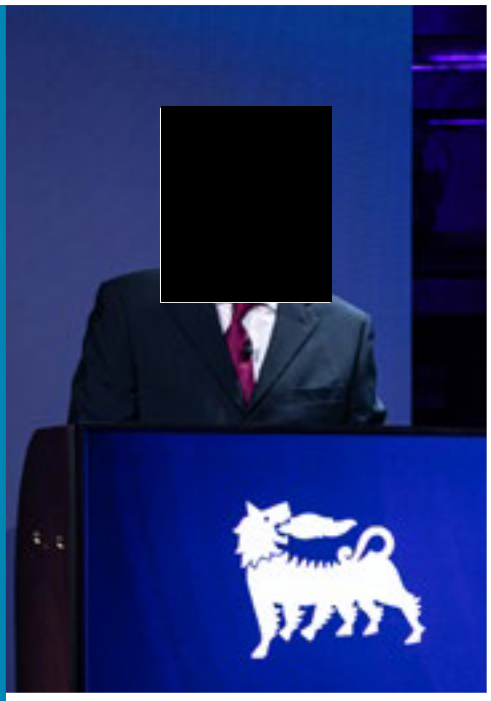
RENEWABLES through increased capacity and integration with the retail business.

WHERE WE OPERATE



Exploration & Production | Global Gas & Lng Portfolio | Refining & Marketing and Chemicals | Plenitude & Power

2021 at a glance



During 2021 Eni reacted quickly and decisively to the deep social and economic crisis caused by COVID-19 pandemic, accelerating the transformation of its business model in order to become a leader in the energy transition and pursue the carbon neutrality strategy by 2050. Strong attention has been paid to safeguarding capital and financial solidity through discipline and redefinition of priorities in capital allocation. With the mitigation of the health emergency due to the pandemic, the strong macroeconomic restart of 2021, progressively extended from Asia to Western countries, has driven the recovery of global oil & gas demand, rebounded synchronously in all the geographies.
This generated tensions on unresponsive supply due to lower investments in the upstream sector in the latest years, reproposing in all the critical issue of energy security. In this framework, hydrocarbon prices reported a wide shoot with natural gas prices at an all-time high and at four-fold increases compared to 2020, while Brent prices increased by 70%. Leveraging on selective capex spending, cost reduction and portfolio optimizations, Eni has been able to seize the strengthening of the scenario, reporting excellent operational and financial results.

Claudio Descalzi CEO Eni

IN 2021 ENI ACHIEVED ONE OF THE BEST ECONOMIC AND FINANCIAL PERFORMANCE OF THE LAST TEN YEARS AND ACCELERATED THE TRANSFORMATION STRATEGY TOWARDS AN OFFER OF DECARBONIZED PRODUCTS AND SERVICES. IN 2021, ONCE THE EMERGENCY OVERCOME, THE MACROECONOMIC RECOVERY, PROGRESSIVELY EXPANDED FROM ASIA TO WESTERN COUNTRIES, HAS DRIVEN GLOBAL OIL & GAS DEMAND WHICH AFTER THE DECLINE OF THE PANDEMIC PEAK IS BOUNCED SYNCHRONOUSLY ACROSS ALL THE GEOGRAPHIES, CREATING SUPPLY-SIDE TENSIONS DUE TO INVESTMENT CUTS IN THE UPSTREAM SECTOR, RE-PROPOSING THE ISSUE OF ENERGY SECURITY.

OUTSTANDING RESULTS

Thanks to the spending selectivity, cost reduction and portfolio optimizations, Eni was able to capture the strengthening of the scenario, reporting an excellent set of operating and financial results with an adjusted operating profit of €9.7 billion (an increase of €7.8 billion vs. 2020, up by 400%). Cash flow from operations of €12.7 billion financed net capex of €5.8 billion. Organic free cash flow of €7.6 billion funded the payment of dividends and the buy-back (overall €2.8 billion) and the portfolio operations to support the transition business (€2.1 billion). The capital structure remains solid and robust, reaching pre-crisis levels with a reduction in net debt to €9 billion and the leverage ratio at 0.20 vs. 0.31 reported at the end of 2020.

PORTFOLIO VALORIZATION

Eni implemented initiatives targeted to extract value from the portfolio restructuring, through the creation of independent and focused vehicles able to attract capital, create value and accelerate growth. As part of this strategy, launched the listing process of Plenitude, Eni's subsidiary which integrates gas & power retail activities, renewables and electric mobility with the target of decarbonizing Eni's customers portfolio. In February 2022, with the equity fund HitecVision completed the listing of Vår Energi on the Oslo stock exchange, placing an interest of about 11.2% of the investee's share capital, representing the the largest IPO in the European O&G sector for over a decade, enabling Eni to enhance the investments made so far and ensuring the growth of the company thanks to new possible capital contribution. On March 11, 2022, signed the agreement with BP in Angola for the establishment of Azule Energy, a new controlled business combination aimed at accelerate the development of assets in the country.

BUSINESS TRANSFORMATION

The transformation of our business model has been accelerated in 2021. The target of "Net Zero Scope 1+2+3 to 2050" will allow Eni's customers to move towards an offer of decarbonized products. Achieved a level of Group's installed capacity from renewables of approximately 1.2 GW, more than tripled in 2021, exceeding the target of more than 2 GW of installed capacity including assets under construction. In biorefining and production

2021 RESULTS

NATURAL RESOURCES
Strong results across the value chain

PRODUCTION
1.7 MBOE/D
IN LINE WITH GUIDANCE

EXPLORATION
>700 MMBOE
DISCOVERED
AT 1.3 $/BOE

GGP ADJUSTED EBIT
€0.6 billion
UP BY 78% FROM 2020

ENERGY EVOLUTION
More diversified and sustainable

GROWTH OF RETAIL/BUSINESS PORTFOLIO
10 MILLION DELIVERY POINTS

PALM OIL
-50% vs. 2020
ON TRACK TO ZERO
2023 TARGET

SOLD PRODUCTION OF BIOFUELS CERTIFIED
585 KTONNES IN 2021

FINANCIALS
Outstanding performance and capital discipline

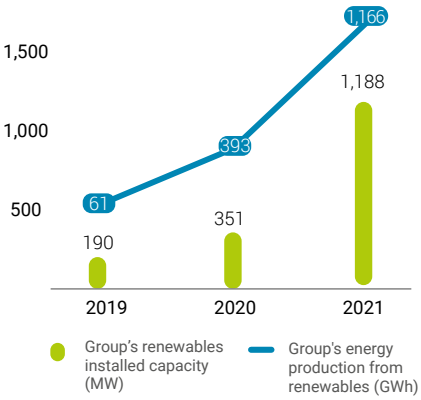
ORGANIC FREE CASH FLOW
€7.6 billion

INCREASING SUSTAINABLE INSTRUMENTS
€8 billion
ESG LEADERSHIP CONFIRMED

STRONGER BALANCE SHEET
20%
Leverage

of related biofeedstocks have been achieved important results, reducing the incidence of palm oil in the production of biodiesel. In Africa in collaboration with the governments of Kenya, Angola, Congo, Benin, Ivory Coast, Mozambique and Rwanda made progress in biofuel projects through the creation of an integrated agro-biofeedstock supply chain not in competition with the food chain to supply Eni's biorefineries and decarbonize the local energy mix. The expertise gained over the years have enabled Eni to achieve solid results and to implement the transformation, ensuring excellent performance in health, safety and asset integrity.

Development in renewables business



Issued the first **sustainability-linked bond** in our sector

Net carbon footprint upstream
-26% vs. 2018

1,166 GWh
Energy production from renewables

Partnerships in **agro-biofeedstock**

ESG leadership

Eni's 2021 ratings place or confirm the company in a leading position both in the main ESG ratings and specialised indices: MSCI (confirmed as "A"), Sustainalytics (confirmed as "medium risk"), Moody's ESG Solutions (confirmed in "advanced band"), FTSE4Good Developed Index (confirmed for the fifteenth consecutive year). This year, Eni's ISS ESG rating has been upgraded to Prime Status. Eni also achieved excellent results in the climate-focused ratings: Climate Action 100+ Net Zero Benchmark (1st among its peers by number of fully aligned indicators), Carbon Tracker (1st among its peers in research "Absolute Impact"), Transition Pathway Initiative (Quality Management: 4 stars – all criteria met; Carbon Performance: aligned with the 1,5°C objective – IEA Net Zero Scenario).

Our Strategy

FOCUS ON

The war in Ukraine is forcing us to reconsider the world as we know it. It is a humanitarian tragedy and has created new threats to energy security which we must meet without abandoning our ambitions for a just transition. Our strategy has made us well prepared to address these challenges. Our immediate response to the current crisis has been to leverage our established alliances with producing countries to find replacement energy sources for Europe's energy needs. We can make available to the market more than 14 TCF of additional gas resources for the short-to-medium-term. This complements our work to develop new decarbonised products and services which can help deliver both energy security and carbon reduction by providing to our customers a full set of decarbonized energy products and services.

The result of this strategic approach underpins our decision to accelerate our pathway to net zero with a 35% cut to Scope 1+2+3 emissions by 2030, and 80% by 2040 compared to 2018. To fast track our transition and serve our customers better, we have created a series of dedicated satellite companies that draw on our proprietary technology, lean operational model and strong stakeholder alliances. The creation of Plenitude, Vår Energi, Azule (our JV with BP in Angola) and the recent listing of Energy One (London's first SPAC focused on the energy transition) illustrates how we are seeking to draw new investment into Eni and strike the right balance in cash allocation and returns. We are now merging our biorefining, fuel stations and ride sharing businesses into a dedicated, focused on sustainable mobility entity consistent with this strategy. Our industrial plan, supported by the continued strengthening of our financial position, through efficient capital management and portfolio optimization, allows us today to further enhance our competitive shareholder distribution.

Towards a Net Zero Energy Business

The strategy and the action plan designed by the Company for the medium and the long-term will drive a significant improvement in our carbon footprint in line with our objective of carbon neutrality of all our process and products by 2050. Eni pursues a strategy that aims to reach the net zero target on our GHG emissions covering Scope 1, 2 and 3, both in absolute and relative terms.
To evaluate our emissions, we have developed a distinctive GHG accounting methodology adopting a fully comprehensive lifecycle approach that considers all the energy products sold and traded by our organization and the GHG emissions they generate along their value chains from production to consumption.

Net zero emissions by 2050, added new net absolute emission (Scope 1, 2 and 3) reduction targets vs. 2018
-35% by 2030 --➔ 80% by 2040

Net Carbon Footprint by 2035 (Scope 1 and 2)
40% by 2025 --➔ Net zero by 2035

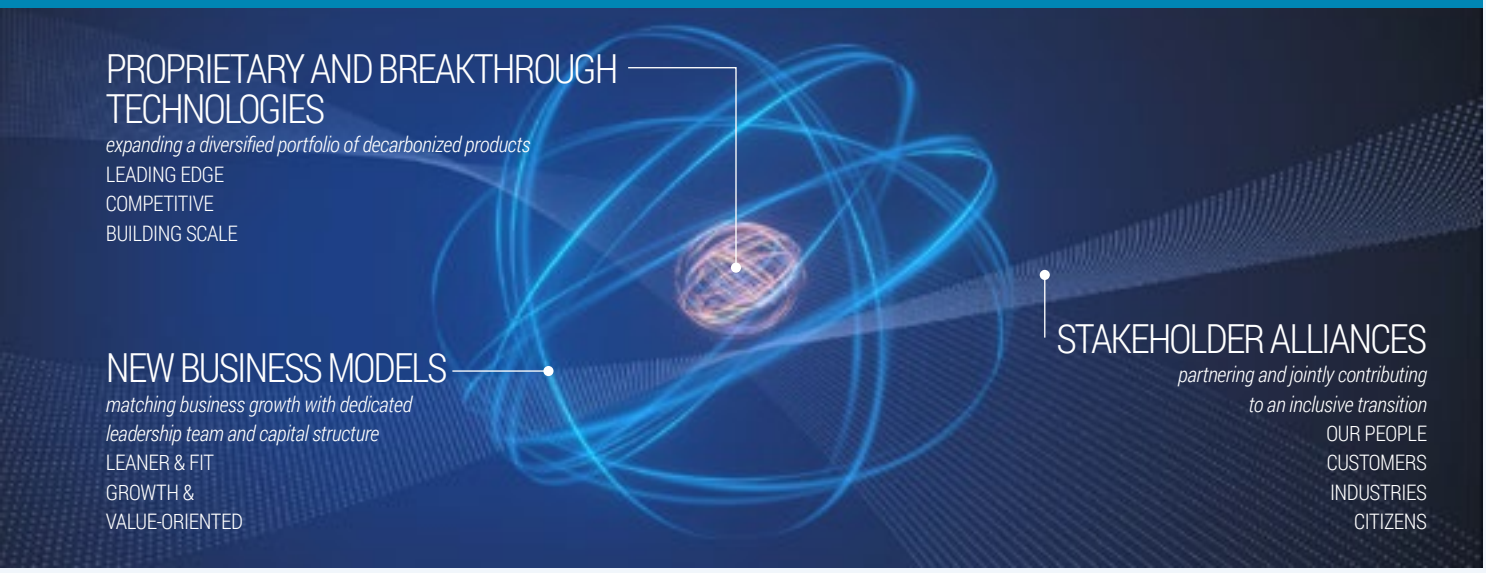
Scope 1 and 2 GHG emissions Upstream
-65% by 2025 (vs. 2018) --➔ Net zero emission by 2030

Eni distinctive approach

Proprietary and Breakthrough Technologies

Company commitment to technology leadership underpins the development of new businesses to respond to the specific decarbonization challenges of our clients in different markets.

- With **Plenitude**, we intend to scale-up the business of power generation from renewable sources and also to develop a network of charging points for electric vehicles.
- We plan to develop new energy vectors, like **hydrogen** with the goal of producing 4 MTPA by 2050 and bring at an industrial scale an innovative technology based on magnetic fusion that promises to be very efficient and to generate zero emissions. The target is to start a plant at industrial scale in the next ten years.
- Build and operate projects of **CCS** with the goal of capturing up to 50 MTPA of CO_2, once our projects reach full capacity in 2050, with intermediate target of 10 MTPA in 2030 (on equity basis).
- **Leveraging offsetting projects**, mainly Natural Climate Solutions, like forest conservation and preservation with the goal of obtaining allowances to offset significant amounts of GHG emissions.
- **Expand the production capacity of biofuels**, utilizing exclusively sustainable feedstocks (palm oil free from 2023).
- Evolve the product mix marketed to our retail customers, with the aim of **reaching 100% of decarbonized products by 2050** leveraging development in the fields of biomethane and other decarbonized fuels.
- **Expand the business of circular economy**, which comprises several business initiatives designed to make the best use of industrial and civil waste, both organic and inorganic, through reuse or recycling aiming at producing energy feedstock and reusable finished products.



New Business Models

We plan to develop new business models, i.e. dedicated entities with tailored business models focused on their customers and the capability to independently access the capital markets. Such entities continue to benefit from Eni's R&D skills, culture and risk management of health, safety and environmental risks, project management capabilities and financial strengths.

PLENITUDE

In 2021 we have established Plenitude a subsidiary that is planned to be financially independent from us, in charge to develop our green business by integrating our retail customer base, the power generation capacity from renewable sources and the development of services to sustainable mobility. We plan to divest a minority stake of this subsidiary through IPO at the Italian exchange in the course of 2022 subject to market conditions.

AZULE ENERGY

In March, Eni signed an agreement with BP to establish a financially independent, equally-owned joint venture in Angola, Azule Energy, that will combine the two companies' respective portfolios of oil & gas assets in the Country to enhance growth and value.

VÅR ENERGI/NEOA

Vår Energi testifies the validity and robustness of our model. The JV has grown by about 30% since 2018, and is currently producing 245 Kboe/d and distributing a stable flow of dividends to shareholders. In February, with the equity fund HitecVision, it was completed the listing of Vår Energi on the Oslo stock exchange, the largest O&G IPO in Europe in 15 years. In addition, in early March we efficiently listed NEOA, the first and biggest Energy Transition oriented SPAC on the London Stock Exchange.

SUSTAINABLE MOBILITY

To further maximize value generation from our biorefining and marketing businesses, we have decided to set-up a Sustainable Mobility company, uniquely positioned as a multi-energy, multi-service, customer-centric business. This is drawn on a strong customer base, marketing footprint and vertical integration with our biorefineries. The company will operate in the context of a mobility energy mix, shifting rapidly towards sustainable fuels in the next decade.

Stakeholder Alliances

Transforming the energy system requires working alongside a wide range of stakeholders to develop mutually beneficial solutions, synergies and new regulatory frameworks. To deliver a just and inclusive transition, we foster and leverage our stakeholder ecosystem.

OUR PEOPLE

30,000 people fully engaged in the transition leveraging experience and skills.

CUSTOMERS

We answer their decarbonization needs with multiple solutions, at home, on the move and at work.

INDUSTRIAL PARTNERS

Working with them to timely deploy low carbon solutions in order to create decarbonized industrial clusters, as we are doing in the UK through CCS, with the Hynet North West consortium.

COMMUNITIES, INSTITUTIONS & CITIZENS

Our long-term energy and development partnerships are the foundation for new business models. As recent examples, we have signed agreements with different countries in Africa to secure our biofuel business through the vertical integration in agricultural value chains to produce sustainable feedstocks.

FINANCIAL STRATEGY

Francesco Gattei CFO Eni

The 2022-2025 action plan foresees a Group with robust fundamentals and growing profitability, thanks to the transformation strategy adopted to face the downturn which, on the one hand, increased the resilience of traditional businesses and their cash generation, and, on the other hand, laid the foundations for a phase of strong development of the transition business. While preserving capital discipline, we will continue to restructure our portfolio to highlight the intrinsic value of our businesses and to maximize our opportunities of growth. For the next four years we expect a capex plan of €28 billion (on average about €7 billion/year) that will be implemented according to our parameters of financial and operational discipline, in compliance with minimum profitability thresholds, ensuring the consistency of emission profiles with long-term decarbonization objectives and fully funded through the operating cash flow. Our capital allocation processes take a further step towards the Paris objectives with a 25% share of the capex plan, compared to 20% of the previous plan, to strengthen renewable generation capacity, grow the circular economy of biofuels and green chemistry, scale-up new energy solutions and services, as well as energy efficiency and decarbonize legacy assets. Over the plan period we will retain a high degree of flexibility with nearly

SHARING VALUE CREATION

Reflecting the continued successful execution of our strategic path, a reinforced balance sheet and an improved outlook for commodities, Eni's Board of Directors has approved an enhanced shareholder distribution policy.

2022 distribution

- the annual total dividend is raised to €0.88 per share from €0.86, based on the 2022 reference Brent price between 80 $/bbl to 90 $/bbl.
- The dividend will be paid in four equal quarterly instalments in September 2022, November 2022, March 2023 and May 2023.

Upside

- Eni will also launch a €1.1 billion share buy-back program, following shareholder approval in May.
- In addition, Eni will update its 2022 buy-back scenario assessment in July and October. For scenarios above $90/bbl further buybacks equivalent to 30% of the associated incremental free cash flow will be made.

Resilience

- Reflecting the underlying resilient performance of the business, the sliding scale of variable dividend per share from the floor level of €0.36 has also been simplified.

NATURAL RESOURCES: DECARBONIZING AND ENHANCING THE UPSTREAM PORTFOLIO

In E&P, we plan to maximize the cash generation by enhancing the sustainability and value of the portfolio and increasing the profitability of our production. Our goal is to reduce the Brent price at which the business can fund its capital expenditures needs, through internally generated funds, leveraging the quality of its asset portfolio consisting of assets with low breakeven prices and fast time-to-market. Production is expected to grow at an average rate of 3% per year to a plateau of around 1.9 million boe/d in 2025. Exploration projects will continue to be a distinctive factor and the main source of Eni's diversification towards a gas weighted, fast time-to-market and low breakeven portfolio.

The business will also advance several projects designed to address the issue of the decarbonization of the Group products, most notably CCUS projects. Furthermore, we plan to ramp-up a set of actions designated to offset CO_2 mainly by means of Natural Climate Solutions, such as projects for preserving forests (REDD+).

In the Global Gas & LNG Portfolio business, we plan to hold steady profitability and cash generation, leveraging on portfolio optimizations and the continuing renegotiation of our long-term gas supply contracts to align pricing and other terms to changing market conditions, as well as expected growth in the LNG business.

40% of cumulative capex uncommitted, ensuring a material buffer versus future market volatility. Even in a higher price environment, selectivity on project sanctioning will remain crucial. The actions planned featuring profitable production growth, an increasing contribution of our green businesses, continuing natural gas portfolio optimizations, margin preservation in downstream coupled with capital and cost discipline will underpin a solid cash generation and will maintain the Brent price of cash neutrality below 45 $/bbl along the plan period. Over the next 4 years, at our planning assumptions, we will generate a cumulative cash flow from operation before working capital of about €55 billion and a free cash flow before working capital of more than €25 billion. The strong cash generation from operations will fuel competitive returns to our shareholders with the possibility of extra-returns in case Brent prices exceed our planning assumptions. Moreover, we will continue to align our financial tools to the strategic milestones designed in our decarbonization plan. At the end of the plan €13 billion of sustainable financing instruments will be linked to Eni's strategic kpi. Over the next 4 years, we will strengthen the balance sheet, with an average leverage pre IFRS of around 10% at Eni's planning scenario assumptions.

SCENARIO ASSUMPTIONS

Average Brent dated price
($/BBL)

2022	80
2023	75
2024	70
2025	70

SERM
($/BBL)

2022	-0.3
2023	1.5
2024	2.6
2025	3.2

PSV
(€/kcm)

2022	688
2023	452
2024	363
2025	293

ENERGY EVOLUTION: GROWING PROFITABLE WHILE TRANSFORMING

UPSTREAM CAPEX
~€4.5 BLN
AVERAGE 2022-2025

HYDROCARBON PRODUCTION
1.9 MMBOE/D
CAGR ~3%

EXPLORATION 4YP
2.2 BBOE at <1.5 $/BOE

LNG GROWTH
>15 MTPA in 2025
contracted volumes

In the R&M segment, we plan to diversify away from the traditional oil-based refining business through the development of biofuels and a push in the sustainable mobility business that will be developed by merging our bio-refineries and our marketing operations. The manufacturing capacity of biofuels is planned to increase to 2 MTPA in 2025 and we confirm that the use of palm oil as feedstock is going to cease in 2023. We are also developing a model of vertical integration to secure renewable feedstock through the development of a network of agro-hubs in many of the countries of Eni's existing upstream operations, targeting 35% coverage by 2025.

Plenitude will leverage its competitive business model that integrates renewables, energy solutions for customers and a widespread Electric Vehicle (EV) charging network, to deliver steady profitability. We will continue growing our customer base and plan to accelerate the development of the installed capacity to produce renewable power as well as expand our network of recharging points for electric vehicles.

In the chemicals business Eni's long-term strategy aims to significantly reduce exposure to the cycle volatility and the cost of the oil feedstock through the specialization of the product portfolio and the development and integration of the chemical business from renewable sources and chemical/mechanical recycling.

BIOREFINERY CAPACITY
~2 MTPA
by 2025

BIO-FEEDSTOCK CONTRIBUTION
35% VERTICAL INTEGRATION
by 2025

>6 GW
capacity @2025

~30,000
charging point @2025

Exploration & Production

UPSTREAM RESILIENCE AND PROFITABILITY

Our upstream commitments are grounded on enhancing the sustainability and value of the portfolio and reducing its cash neutrality and carbon footprint while continuing to capture new business opportunities. Our competitive advantages are the ability to reduce the time-to-market of reserves, which together with efficient exploration helps to ensure a resilient asset portfolio, as well as to manage the upstreamer risks. We intend to retain focus on capital and cost discipline and on shortening the projects cycle. Our planned pipeline of projects screens high both in terms of profitability and resilience. Upstream project returns amount to more than 20% and they remain robust at 17% even assuming 20% lower prices. We plan to invest €4.5 billion on average in the next four years, through internally generated funds. Those expenditures do not include expected expenditures that will be made by our participated joint ventures and associates, like Vår Energi and the new Azule Energy in Angola that is expected to be established with BP and become operational from the second half 2022.

EXPLORATION WILL CONTINUE FUELLING FUTURE DEVELOPMENTS

The first driver of Eni's value creation has been the exploration phase, a distinctive competence of our Company and is also a strategic pillar of Eni's decarbonization path. Our exploration will continue ensuring cost-effective replacement of produced reserves, which is the first step to reduce the break even of upstream projects, supporting cash generation through the deployment of the Dual Exploration Model and evolving our reserve portfolio towards the planned mix of resources consistent with our net zero target by 2050. Eni has expertly combined initiatives in high-risk/high-reward plays, with infrastructure-led exploration, which targets the discovery of additional mineral potential in mature, proven areas, close to existing producing facilities to ensure fast support to production and cash flows. In 2021 leveraging on this approach, we made the giant Baleine discovery in the deep offshore of the Ivory Coast. It is set to be developed with a phased fast-track approach and will be the first development in Africa at net zero emissions (Scope 1 and 2).

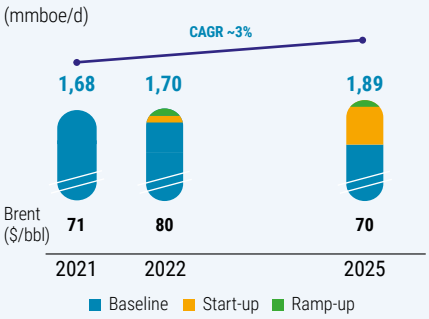
DECARBONIZING UPSTREAM

Our upstream decarbonization plan is going on: a decrease of 65% of the net carbon footprint (Scope 1 and 2 GHG emissions on equity basis) is envisaged by 2025 compared to the 2018 baseline, putting the business fully on track to reach the goal of net zero by 2030 (Scope 1 and 2 emissions) accounted on equity basis. Our target will leverage on advancing several projects, most notably projects designed to capture carbon dioxide and store it in depleted natural gas fields. From the current projects pipeline we target to store around 10 mmtonnes/y of our own GHG emissions by 2030, with an overall gross capacity including third party volumes of 30 mmtonnes/y. Furthermore, we plan to ramp-up a set of actions designated to offset CO_2 mainly by means of Natural Climate Solutions, such as projects for preserving forests (REDD+) in accordance with protocols approved by the UN.

GROWING CASH GENERATION

Upstream growth will continue to add higher margin barrels and to generate substantial cash flows. Our hydrocarbons production is projected to increase at an average rate of 3% in the 2022-2025 plan period and is expected to be fueled organically by new fields start-ups and ramp-ups planned in the plan, the maintenance of our current production level at our long-life fields, as well as continuing production optimization to counteract fields natural decline. In the next four years, we plan to bring on-stream eleven major projects. We plan to increase the cash generation in the E&P segment leveraging on profitable production growth, capital discipline, effective project execution and strict control of operating expenses and working capital. As a result of this, our upstream Free Cash Flow in the plan will be around €29 billion at our scenario and an average cash neutrality of about 25 $/boe from 30 $/boe in 2021.

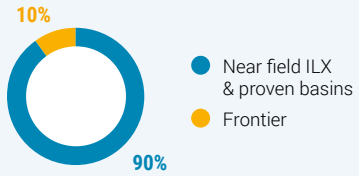
PRODUCTION GROWTH



We are targeting a plateau of approximately 1.89 mmboe/d in the 2022-2025 plan period. In 2022, we expect production to be flat year-over-year, progressively increasing throughout the year. We estimate that new field start-ups, production ramp-ups and expansion projects of existing fields will add approximately 800 kboe/d of new production to the baseline upstream production in 2025.

EXPLORATION: STRATEGIC PILLAR

2022-2025 CAPEX BY ACTIVITY

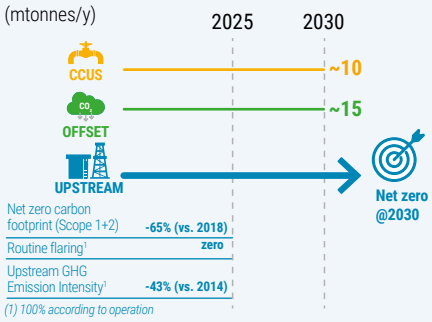


EQUITY RESOURCES | bboe
2.2 in 4YP

UNIT EXPLORATION COST | $ boe
<1.5 average 2022-25

Exploration is the foundation of our highly competitive full-cycle F&D cost and is a key enabler for our transformation towards a more gas-rich portfolio. Over the last 10 years we have discovered 12 bboe, of which 80% is gas. In the plan, we target 2.2 bboe of equity resources, of which a large part will be gas, at an average unit exploration cost lower than 1.5 $/boe. Exploration activities will focus on lower-risk, near-field, infrastructure-led (ILX) opportunities in proven basins for nearly 90%, allowing a fast time-to-market and low development and operating costs.

TOWARDS NET ZERO BUSINESS



The business is fully on track to reach the goal of net zero by 2030 (Scope 1+2 emissions) accounted on equity basis. The planned or ongoing actions include a gradual reduction in the hydrocarbons production that will plateau in 2025, with an increasing share of gas in our portfolio, operated CCS projects and Natural based Climate Solutions.

STRATEGY

The evolution of the production mix provides for the gas component to be 60% in 2030 and over 90% beyond 2040. Net Scope 1 and 2 emissions of upstream assets calculated on the basis of equity production, are expected to fall to zero in 2030 by leveraging on energy efficiency, CCS projects and natural offset of GHG emissions. The projects for CO_2 capture and geological storage have a target of about 10 mmtons per year by 2030 (Eni's share) of GHG emissions withdrawn by the atmosphere. The drivers to implement our strategy in E&P are: (i) the valorization of our pipeline of capital projects with a targeted 3% average growth rate in hydrocarbons production up to a plateau of approximately 1.9 million boe/d in the plan period. Growth in the plan period is expected to be fueled organically by new fields start-ups and the achievement of full-field production at our main producing fields, including the Zohr and Merakes gas fields respectively in Egypt and Indonesia, Block 15/06 in Angola and the Area 1 fields off Mexico, the maintenance of our current production level at our long-life fields, as well as continuing production optimization to counteract fields natural decline. During the plan we plan to bring on-stream eleven major projects including Baleine in Ivory Coast, Marine XII LNG in Congo, Coral in Mozambique, Dalma Gas in UAE and other gas projects in Italy, Indonesia and Norway. These together with ramp-ups will add almost 800 kboe/d to the baseline upstream production in 2025; (ii) capital discipline: capex at approximately €4.5 billion per year over the 2022-2025 period characterized by high flexibility (>45% capex uncommitted). Our capital projects will be carefully selected against our pricing assumptions and minimum requirements of internal rates of return; (iii) further development of integrated initiatives with the Global Gas & LNG Portfolio segment to enhance gas equity volumes; (iv) selective exploration, with the aim of discovering 2.2 billion boe of resources at a unit cost lower than 1.5 $/barrel. Exploration will be focused (about 90%) in areas adjacent to near-field production fields and existing or soon to enter into operation infrastructures and will be a strategic driver in the decarbonization path, aligning the portfolio of resources with the objectives of production mix and the medium/long-term emission profiles; (v) cash generation will also be supported by portfolio transformation through the set up with selected partners of autonomous corporate vehicles, with strategic value able to grow and generate returns for shareholders.

ENHANCING OUR PORTFOLIO

CONGO

LNG Development

In Congo we are employing a modular and accelerated development approach. This is consistent with our fast time-to-market, capital light strategy and well suited to current conditions. We are executing an LNG export project consisting of two modular and flexible units of liquefaction, which allow a highly competitive time-to-market also targeting to support zero routine flaring. LNG exports will allow to valorize the production of gas that exceeds Congo's internal market needs. Start-up is expected in 2023 and a capacity of 4.5 bcm/y once fully operational.

ANGOLA BUSINESS COMBINATION

Azule Energy

In March, Eni signed an agreement with BP to establish a financially independent, equally-owned joint venture in Angola, Azule Energy, that will combine the two companies' respective portfolios of oil & gas assets in the Country to enhance growth and value. We expect almost 15% cost savings, thanks to operational and logistic efficiencies and optimized procurement. Azule Energy will also lead the New Gas Consortium, the first upstream natural gas partnership in Angola to develop non associated gas and supply gas to Angola LNG, supporting our integrated gas portfolio while meeting domestic gas needs.

IVORY COAST

Baleine development

Exploration confirmed its track-record with the Baleine discovery in the CI-101 operated block, in the offshore Ivory Coast. The FID for Phase I has been reached after 5 months from discovery. The project will be a Scope 1 and 2 net-zero development, the first of this kind in Africa. Baleine confirms our commitment to generate high value while reducing the carbon footprint and our focus to improve the time-to-market of our exploration discoveries. Start-up is expected in 2023.

Global Gas & LNG Portfolio

ROBUST GROWTH IN ADJUSTED PERFORMANCE

In 2021, the Global Gas & LNG Portfolio segment reported an adjusted operating profit of €580 million, a robust growth compared to 2020 (up by €254 million, or 78%). The positive performance leveraged on the continuous initiatives of portfolio optimization and renegotiations as well as higher gas volumes sold. These positives were partially offset by higher provisions due to an increased nominal value of trade receivables, and a higher counterparty risks due to the financial difficulties of industrial accounts pressured by rising energy costs, as well as provisions for contractual claims.

SUPPLY OF NATURAL GAS

Eni's consolidated subsidiaries supplied 70.98 bcm of natural gas, increased by 8.82 bcm or by 14.2% from the full year 2020. Gas volumes supplied outside Italy from consolidated subsidiaries (67.39 bcm), imported in Italy or sold outside Italy, represented approximately 95% of total supplies, increased by 12.70 bcm or by 23% from the full year 2020.

NATURAL GAS SALES

Natural gas sales amounted to 70.45 bcm (including Eni's own consumption, Eni's share of sales made by equity-accounted entities), increased by 5.46 bcm or 8.4% from the previous year due to higher sales in Turkey and higher volumes sales of LNG. Sales in Italy (36.88 bcm) decreased by 1.1% from 2020 mainly due to lower sales to hub and to thermoelectrical and industrial segments, partly offset by higher sales in wholesalers segment. Sales to importers in Italy (2.89 bcm) decreased by 21.3% from 2020 due to the lower availability of Libyan gas. Sales in the European markets amounted to 25.12 bcm, an increase of 30% or 5.79 bcm from 2020. Sales in the extra European markets of 5.56 bcm increased by 0.87 bcm or 18.6% from the previous year, due to higher volumes marketed in the Asian markets.

TOWARDS DECARBONIZED LNG PORTFOLIO

Signed an agreement with CPC Corporation, taiwanese utility, for the supply at the Yung An receiving terminal (Taiwan) of a LNG cargo certified carbon neutral according to the internationally recognized PAS2060 standard, sourced from the Bontang liquefaction terminal in Indonesia and supplied by the Jangkrik Eni's gas field. The GHG emissions related to the entire value chain of the LNG cargo, including gas production, transmission, liquefaction, shipping, regasification, distribution and end use, were offset through the retirement of high quality nature based credits. In particular, the credits have been sourced from two projects REDD+: Luangwa Community Forest in Zambia and Kulera Landscape in Malawi.

SIGNIFICANT DEVELOPMENTS IN 2022

STRATEGIC AGREEMENTS

In March and April 2022, Eni, leveraging on its consolidated partnership with the North African countries, bordering the Mediterranean Sea, signed two framework agreements with Algeria and Egypt to boost joint upstream operations and increase natural gas exports towards Europe. Additional contributions from Angola and Congo are under negotiations. Furthermore, under the terms of the agreement with Algeria, Eni expects to gradually increase the volumes of gas exported to Italy through the Transmed pipeline as part of the existing long-term supply contracts with Sonatrach, with additional gas deliveries starting in the next heating season and rising to up to 9 billion cubic meters per year in 2023-2024. Additional gas reserves will be jointly developed by Eni and Sonatrach leveraging Eni's distinctive fast track model, to support export flows to Italy. Finally, Eni signed an agreement with the Egyptian state-owned company "EGAS" to valorize local gas reserves by increasing activities in jointly operated concessions and by exploring near field areas, with the goal of boosting production and gas exports to Italy via the Damietta liquefaction plant at an expected initial rate of up to 3 billion cubic meters in 2022.

INTEGRATED LNG PORTFOLIO

In 2022, Eni confirms the strategy of portfolio renegotiations finalized to serve key markets and to reach more than 15 MTPA of contracted LNG volumes by the end of the plan. We expect Egypt to contribute with Damietta rising to full utilization; Mozambique Coral to start-up later this year and the Congo gas valorization project, where we had FID earlier this year, using flexible, modular Floating Liquefied Natural Gas (FLNG) and which is expected to startup in 2023.

As a result of the growth of the contribution of equity gas production and gas portfolio optimization, we expect our GGP business to deliver a cumulative free cash flow contribution of around €2.7 billion over the plan.

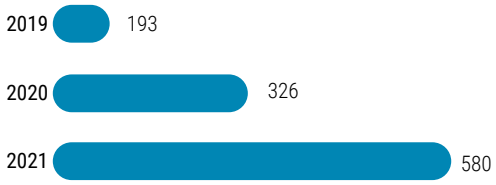
>15 MTPA LNG

CONTRACTED VOLUMES BY 2025

€2.7 BLN

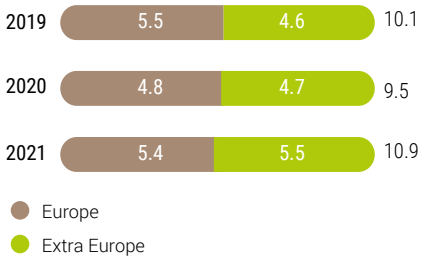
2022-2025 cumulative FCF

ADJUSTED OPERATING PROFIT (€ mln)



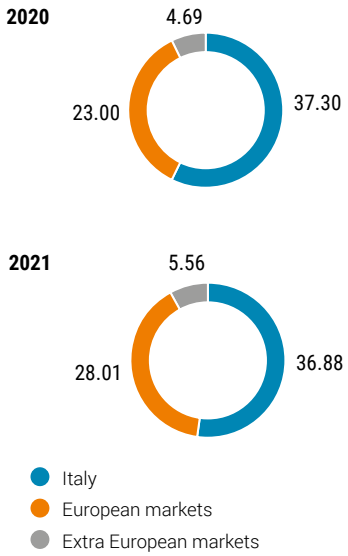
Robust growth achieved leveraging on the continuous initiatives of portfolio optimization and renegotiations which allowed them to benefit from extreme volatile gas and LNG markets, as well as, higher gas volumes sold.

LNG SALES (bcm)



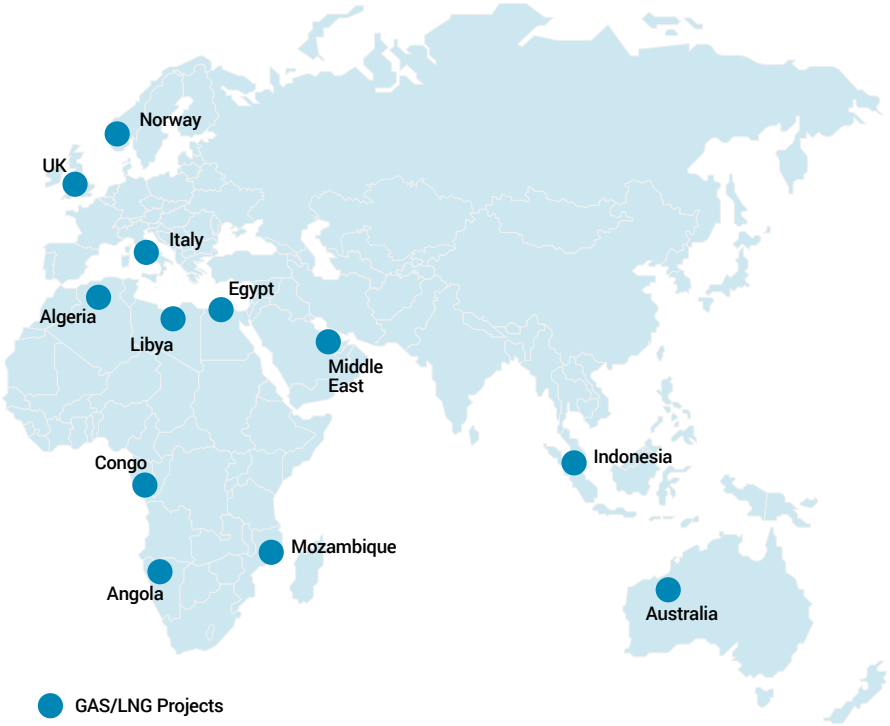
In 2021, LNG sales increased by 14.7% from 2020 and mainly concerned LNG from Egypt, Qatar, Indonesia, Nigeria and marketed in Europe and Asia.

WORLDWIDE GAS SALES (bcm)



The improved performance in the European markets was due to higher sales marketed in Turkey, the UK and France.

Growing our integrated gas portfolio through fast track projects



STRATEGY

We expect natural gas markets to remain tight in Europe and in other key geographies throughout 2022 and prices to be very volatile. Following our latest round of contract renegotiations we have lessened our exposure to the spread between spot prices at continental hubs and at the spot market in Italy. Against this scenario, the Company's priority in its GGP business is to retain stable profitability and cash generation based on the following drivers: (i) to continuously renegotiate our long-term gas supply and sale contracts to align pricing terms to current market conditions and dynamics as they evolve; (ii) to effectively manage our portfolio of assets (supply and sales contracts, their flexibilities and optionality and logistics availability) in order to extract value from portfolio flexibilities through continuing optimizations; (iii) to grow the LNG marketing business leveraging on the integration with the E&P segment with the aim of maximizing the profitability along the entire gas value-chain. We plan to increase contracted supplies of LNG to achieve a robust portfolio of reselling opportunities. Contractual LNG volumes are expected to exceed 15 MTPA by 2025. This growth will be driven by new projects in Congo, Angola, Egypt, Indonesia, Nigeria and Mozambique where we are fast-tracking gas valorization developments.

Refining & Marketing and Chemicals

FINANCIAL PERFORMANCE

In 2021, the Refining & Marketing business reported an adjusted operating loss of €46 million, compared to an operating profit of €235 million in 2020, due to the sharp decline of refining margins, the worst of the last ten years partly offset by plant optimizations and higher volumes sold by the marketing business benefitting from the recovery in products demand, the reopening of the economy and increased people mobility. The Chemical business reported an adjusted operating profit of €198 million, a sharp improvement compared with a loss of €229 million in 2020, due to a global economic recovery that supported demands and margins of plastic commodities softening competitive pressure, higher plant availability as well as certain contingent issues reducing imports from non-EU countries leading product shortages in the area, enabling the business to capture market opportunities.

BIOREFINING SYSTEM

The volumes of biofuels processed from vegetable oil were 665 mmtonnes down by 6% from the previous period (40 ktonnes), as a result of standstill at Venezia biorefinery in a depressed scenario context. In addition, the incidence rate of palm oil supplied for the production of biodiesel was reduced by approximately 34 percentage points compared to 2020, leveraging on the start-up of a new Biomass Treatment Unit (BTU) at the Gela biorefinery, enabling the use of up to 100% of biomass not in competition with the food chain for the production of biofuels.

Confirmed the zeroing palm oil by 2023 in the refining processes. In 2021 productions of biofuels (HVO) amounted to approximately 585 ktonnes (down by 6%) according to certifications in use (European RED and related directives).

CIRCULAR ECONOMY, GREEN CHEMICALS AND PROPRIETARY TECHNOLOGIES

Started a new Biomass Treatment Unit in Gela and diversified the biorefining supply chain to make it more and more sustainable: throughout the year Eni halved use of palm oil and is on track to meet the target of being palm-oil free by 2023. In 2021, started the production of sustainable aviation fuels "SAF" from "UCO" raw materials (waste oils and other waste) not in competition with the food chain, by applying the proprietary technologies of traditional refining.

In the chemical business, in 2022 launched the restructuring of the Porto Marghera site with the conversion into a hub for the production of plastics entirely obtained from recycled raw material. Proprietary technologies will play a key role in accelerating the "green" conversion by reducing dependence on oil feedstock; among these, Versalis focus on the chemi-

STRATEGY

Refining & Marketing

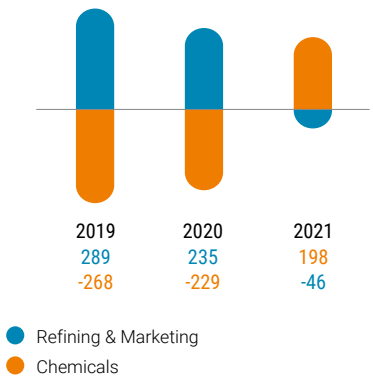
Eni's priority is to restore the profitability of its oil-based refineries in a depressed downstream oil environment by means of capital discipline, asset optimizations to increase plant reliability, maximizing yields of valuable fuels and improving efficiency in energy consumption and operating costs. Another lever to improve profitability will be the diversification of our product mix by upgrading the manufacturing capacity of biofuels up to 2 million tons per year by the end of 2025 through the expansion of the Venice plant and by restructuring another traditional plant. The environmental footprint of our biorefineries will be improved by ceasing to process palm oil by 2023 and replacing it with used cooking oils and other sustainable raw materials that do not compete with the food chain. We are also planning to develop the offer of sustainable aviation fuels and of natural gas from agricultural biomass. As part of our plans to boost the segment of biofuels, we are developing a model of vertical integration to secure the renewable feedstock to produce biofuels by establishing a network of agricultural hubs in many of the countries of E&P operations, aiming at securing 35% of the needed supplies by 2025. In Marketing activities, where we expect a very competitive environment, we are planning to retain steady and robust profitability mainly by focusing on innovation of products and services anticipating customer needs, strengthening our line of premium products, as well as efficiency in the marketing and distribution activities. Further value will be extracted by the development of our initiatives in the segment of sustainable mobility and new fuels (for example the service of recharging electric vehicles, the supply of compressed natural gas and of LNG, as well as the start of the supply of hydrogen) and developing non-fuel products and services.

Chemicals

Versalis, managing Eni's chemical business, is focused on executing a long-term strategy based on the following pillars: (i) specialization towards differentiated products with higher added value across all business and value chain, also leveraging on the integration of the entity acquired in 2021, Finproject that is a leader in the compounding and specialized formulations, (ii) development of circular economy processes leveraging on mechanical and chemical recycling of plastics as well as on bio-circular attributed feedstocks, (iii) development of chemicals from renewables (second generation sugars and vegetable oils) for high potential markets, (iv), integration and efficiency, balancing the cracking production into polymers and lowing trade sales of intermediates. A key driver of our strategy will be our proprietary technologies which can expand our presence in new markets, like for example the production of bioethanol and biogas from biomass, or the technology for producing polymers via the chemical recycling of used plastics that we are going to deploy in our industrial sites.

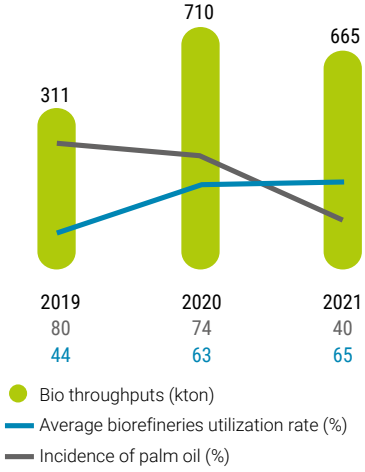
cal recycling of non-reusable plastics (HOOP technology), on the enhancement of forest biomass for the production of bioethanol and biogas (PROESA technology) in collaboration with qualified partners such as Saipem and BTS Biogas. Furthermore Versalis continued the strategy of repositioning the production mix reducing oil-linked petrochemicals by increasing exposure to the specialty and green chemical segments. In this context, Versalis acquired the control of Finproject, consolidating its position in the field of applications of high-performance formulated polymers and compounding, less subject to commodity fluctuations, and acquired technologies and plants of Ecoplastic, a specialized company in the recovery chain of used plastics, with the aim of accelerating the growth of advanced mechanical recycling and expanding the range of polymers for recycling Versalis Revive®.

ADJUSTED OPERATING PROFIT
(€ mln)



In the R&M business, the sharp decline of refining margins was offset by higher volumes sold by the marketing. The Chemical business benefitted from the recovery of demand and margins of plastic commodities.

BIOREFINING SYSTEM



The volumes of biothroughputs were 665 mmtonnes down by 6% or 40 ktonnes vs. 2020, as a result of standstill at Venezia biorefinery in a depressed scenario context.

ROBUST SUPPLY OF DIVERSIFIED FEEDSTOCK

WASTE & RESIDUES
~60% in 2021
ON TRACK TO 90% BY 2025

PALM OIL
-50% vs. 2020
ON TRACK TO ZERO 2023 TARGET

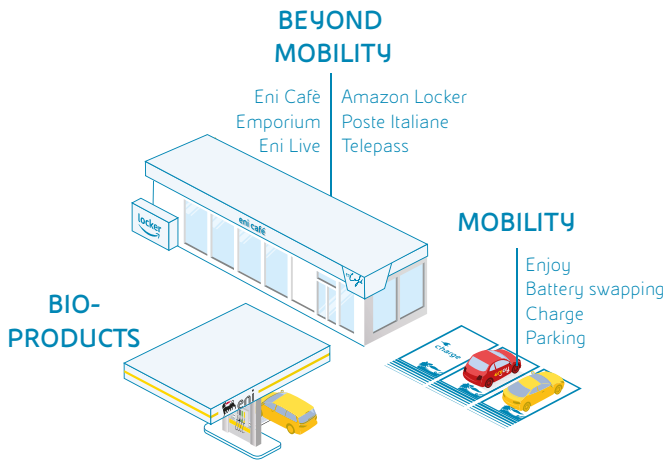
SIGNIFICANT DEVELOPMENTS IN 2022

PROGRESSING GREEN CHEMICAL INITIATIVES

In January, Matrìca signed an agreement with Lanxess, a leader in specialty chemicals, covering the supply of renewable raw materials obtained from vegetable oils at the Matrìca's Porto Torres plant to be used by Lanxess to manufacture biocidal industrial additives for the consumer end-markets. In February, Versalis started the production of bioethanol from residual biomass at the Crescentino hub. The plant is capable of processing 200 ktonnes of biomass per year, with a maximum production capacity of approximately 25 ktonnes of bioethanol per year. In March, strengthened the partnership between Versalis and Novamont to develop the green chemical business implemented through the Matrìca joint venture by establishing a new shareholder agreement, whereby Versalis will increase its stake in Novamont from 25% to 35%. Finally, in April, signed an agreement with the Chinese Shandong Eco Chemical Co. Ltd. to license Versalis proprietary continuous mass technology to manufacture styrenic polymers with a llow carbon footprint.

A NEW SUSTAINABLE MOBILITY COMPANY

In March, Eni announced the establishment of a Sustainable Mobility company that will enhance value by integrating its biorefineries, the strong customer base and its network of multi-energy, multiservice outlets. This is drawn on a strong customer base, marketing footprint and vertical integration with our biorefineries. The company will operate in the context of a mobility energy mix, shifting rapidly towards sustainable fuels in the next decade. In the plan, Eni targets to reach around 2 MTPA of biorefining capacity, thanks to the expansion of the Venice plant and another traditional refinery conversion, and to reach 6 MTPA in the next decade. Such growth requires a robust supply of diversified feedstock. In order to secure this, Eni are developing a network of agro-hubs and we have signed agreements in different countries in Africa, where in most of them Eni already have upstream activities. These hubs will ensure an integrated contribution of bio-feedstock to our processes, targeting 35% of vertical integration by 2025. In line with our strategy, we will be able to deliver to our customers a multiple set of green, bio and low carbon products, available in our service stations.



Plenitude & Power

BOOSTING PERFORMANCE

In 2021, Plenitude reported solid and growing performances with an adjusted operating profit of €363 million, an increase of €59 million (up by 19% compared to 2020), leveraging on gains in the extra-commodity business, as well as benefits from the integration of the distributed photovoltaic business (Evolvere), marketing initiatives in Italy, the growth in customer base following expansion in Greece, the acquisition of Aldro Energía in Spain, and lower than expected credit losses, following an improved economic cycle. The Power business reported an adjusted operating profit of €113 million (down by €48 million vs. 2020, or 30%), mainly due to lower one-off items.

GROWING GAS AND POWER SALES

In 2021, retail and business gas sales in Italy and in the rest of Europe amounted to 7.85 bcm, up by 0.17 bcm or 2% from the previous year. Sales in Italy amounted to 5.14 bcm were substantially unchanged from 2020, the reduction reported in the residential segment was mitigated by the higher volumes marketed at small and medium enterprises and resellers segments.

Sales in the European markets (2.71 bcm) are increasing of 8% or 0.20 bcm compared to 2020. Higher sales were recorded in France, Greece and Spain benefiting from the lower impact of the COVID-19 from the comparative period as well as the acquisition of Aldro Energía.

In 2021, retail power sales to end customers amounted to 16.49 TWh, managed by Plenitude and the subsidiaries in France and Greece and Spain increase by 32% from 2020, due to growth of retail customers portfolio (up by 4% customers vs. 2020) thanks to the acquisition of Aldro Energía and the development of activities in Italy and abroad.

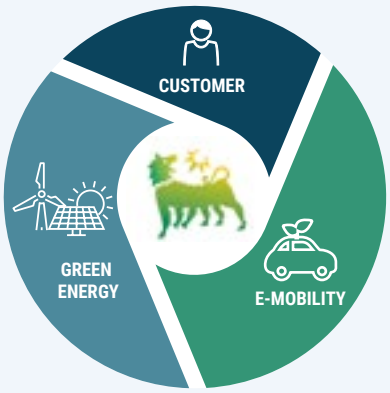
BUSINESS DEVELOPMENT IN 2021

The renewable capacity installed/under construction of over 2 GW, well above the initial guidance for 2021, was achieved thanks to a number of targeted acquisitions of wind/PV plants in operation/under construction in Spain, France and Italy, also exploiting synergies deriving from our retail business in these Countries, the expansion in the USA and from organic growth. The acquired projects portfolio and the participation in all three A/B/C phases of the Dogger Bank offshore wind project in the North Sea allow Eni to revise upwards our installed capacity targets by 2025.

E-MOBILITY

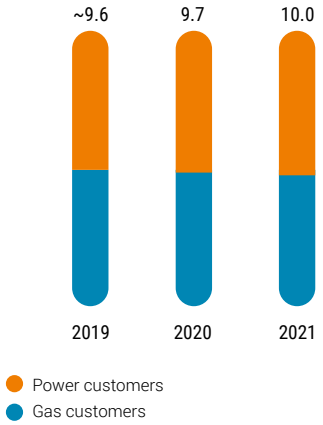
Plenitude's products and services offer has been enhanced with the entry in the segment of charging points for electric vehicles through the acquisition of BeCharge aiming at developing a network of around 30 thousand charging points by 2025. The partnership between Eni, BeCharge and Enel X for the interoperability of their respective charging networks will make our sustainable mobility strategy even more solid, giving all customers the opportunity to access the service in a simple and economical way, also including customers of the "Eni Live Stations". In our service stations we intend to install by 2050 about 1,000 fast/ultra-fast charging points to make them more and more "mobility" point".

STRATEGY



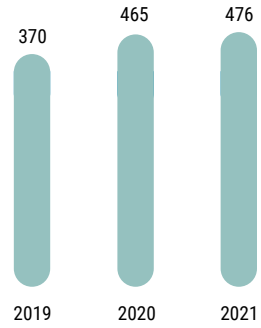
TARGETING NET ZERO BY 2040 & BOOSTING STAKEHOLDERS VALUE

RETAIL AND BUSINESS CUSTOMERS (mln of POD)



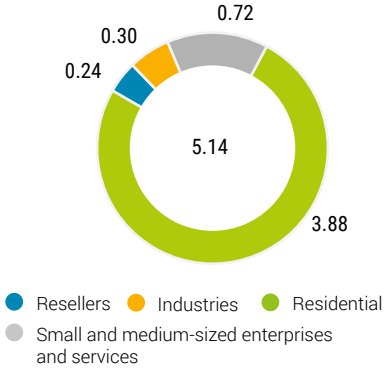
Overall Plenitude supplies 10 million retail and business clients (gas and electricity) in Italy and Europe. In particular, clients located all over Italy are 7.8 million.

ADJUSTED EBIT (€ mln)

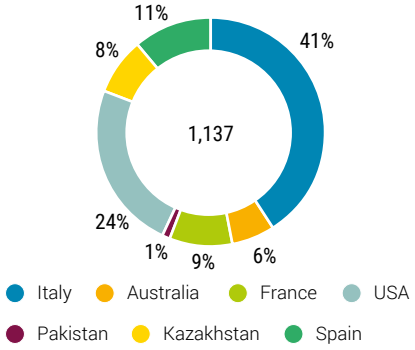


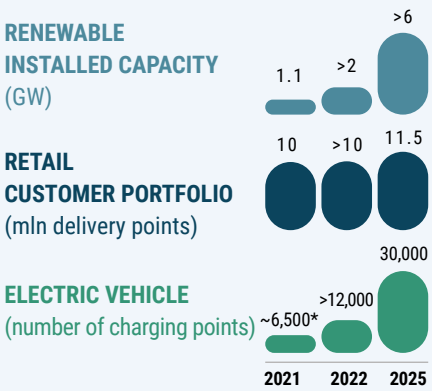
Solid and growing performances due to gains in the extra-commodity business, as well as benefits from the integration of the distributed photovoltaic business (Evolvere), marketing initiatives in Italy, the growth in customer base following expansion outside Italy.

RETAIL GAS SALES IN ITALY (bcm)



RENEWABLE INSTALLED CAPACITY (MW)

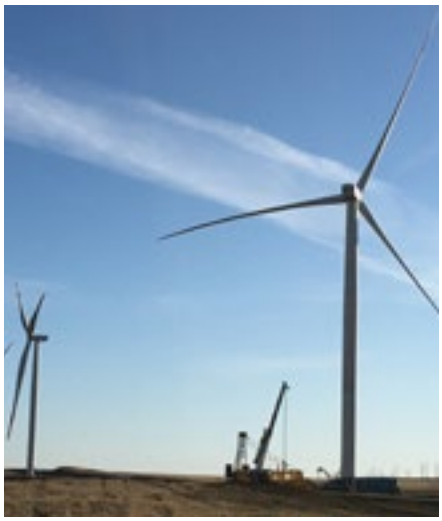




*Charging points figure as of January 31, 2022.

Plenitude will leverage its competitive business model that integrates renewables, energy solutions for customers and a widespread Electric Vehicle (EV) charging network, to deliver steady profitability. We plan to selectively grow our customer base, which is expected to reach 11.5 million customers by 2025 and to boost profitability by extracting more value from the customer portfolio, by supplying an increasing share of equity renewable energy and biomethane, as well as by expanding the offer of new products and services other than the commodity and by continuing innovation in marketing processes including the deployment of digitalization in the acquisition of new customers, a reduction in the cost to serve and effective management of working capital. We plan to accelerate the development of the installed capacity to produce renewable power to reach more than 2 GW of installed capacity by 2022 and more than 6 GW by the end of the plan. Our network of recharging points for electric vehicles will be expanded reaching around 30 thousand points by 2025.

SIGNIFICANT DEVELOPMENTS IN 2022



PROGRESS IN RENEWABLES BUSINESS

In January, Eni acquired the Greek company Solar Konzept Greece "SKGR", owner of a portfolio of photovoltaic plants in Greece with a pipeline of projects targeting about 800 MW. In February, Eni acquired a portfolio of renewable capacity in Texas (USA) from BayWa r.e. with an installed capacity of 266 MW and a storage project in an advanced development phase of about 200 MW/400 MWh. In March, Eni inaugurated the Badamsha 2 Wind Farm located in the Aktobe Region, Kazakhstan, the second wind installation in the region resulting in a doubling of the installed capacity of Badamsha 1 project (48 MW, for a total amount of 96 MW installed in the Country). Furthermore, in March, GreenIT signed an agreement to acquire the entire portfolio of Fortore Energia Group, consisting of four onshore wind farms operating in Italy with a total capacity of 110 MW. In April, GreenIT, a joint venture between Plenitude and the Italian agency CDP Equity, engaged in the development of electricity generation capacity from renewable sources, signed an agreement with the equity fund Copenhagen Infrastructure Partners (CIP) to build and operate two floating offshore wind farms in Sicily and Sardinia, with an expected total capacity of approximately 750 MW.

PORTFOLIO OPTIMIZATIONS IN POWER BUSINESS

In March, Eni reached a preliminary agreement to divest a minority stake of 49% in the share capital of EniPower to Sixth Street, a leading global investment firm. Eni will retain control of EniPower in terms of operations as well as over the financial consolidation of the company.

PLENITUDE IPO

The public offering of Plenitude shares, of which we will retain control, is one of the strategic steps towards zero Scope 3 emissions associated to our retail customers. Plenitude will be structured as a financially autonomous entity to ensure a more efficient capital structure and will leverage a unique business model, resulting from the synergic combination of the retail customer portfolio, renewables and charging points for electric vehicles to accelerate the growth of green capacity by reducing its risk profile and increasing the market share. The new entity laid the foundation on a solid base of 10 million customers and over 2 GW of renewable capacity, installed and under construction.

Group results for the year

POSSIBLE EVOLUTION IN RESPECT OF THE WAR IN UKRAINE

The crisis in the relationship between Russia and Ukraine that in February 2022 gave rise to the Russian military invasion and an open conflict on a large scale with violent armed clashes and tragic loss of human lives, constitutes a macroeconomic risk. Possible outcomes of this situation might include a prolonged armed conflict, a possible escalation in the military action, risks of expansion of the ongoing geopolitical crisis and a further tightening up of the economic sanctions against Russia. These factors could result in a scenario that could eventually sap consumers' confidence, deter investment decisions by operators and cripple industrial activities derailing the global recovery or, in the worst of the outcomes, triggering a new worldwide recession, while the economy has been still recovering from the fallout of the COVID-19 downturn.

The Group does not hold any significant assets or investments in Russia.

The full effects of the crisis on the Group economic and financial performance in 2022 are currently unpredictable.

Overview of the 2021 trading environment

The macroeconomic environment has gradually improved during 2021 due to the effective vaccination campaigns against the COVID-19 disease, together with measures to contain the spread of the virus, particularly in OECD Countries, allowing for a phased reopening of the economic activities and increasing mobility of people. The expansionary monetary policies adopted by the central banks and the large scale fiscal stimulus launched by the governments supported consumptions and investments. In this context, the demand for hydrocarbons and the prices of commodities, the main driver of the Group's financial results, recorded a significant rebound.

Global energy demand first stabilized and then unexpectedly increased in the last quarter of the year, driven by an acceleration in the pace of the economic recovery, resulting in an increase in the average price of oil for the year by 70% vs. 2020 at about 71 $/barrel, while natural gas prices recorded material increases (in the order of several hundred percentage points) due to a particularly tight market. These trends were the basis of the strong recovery in profitability in the Exploration & Production and Global Gas & LNG Portfolio segments with spot prices at the continental hub ("TTF") surging to all-time highs at 180 €/MWh in December and then falling back to values in line with the average in the fourth quarter at 92 €/MWh, up 529% compared to the fourth quarter of 2020 and by 330% y-o-y; Italian spot prices were aligned to those values due to the closing of differentials. Results also benefitted to a lesser extent of a solid performance of the chemical business line, driven by a recovery in demand for commodities.

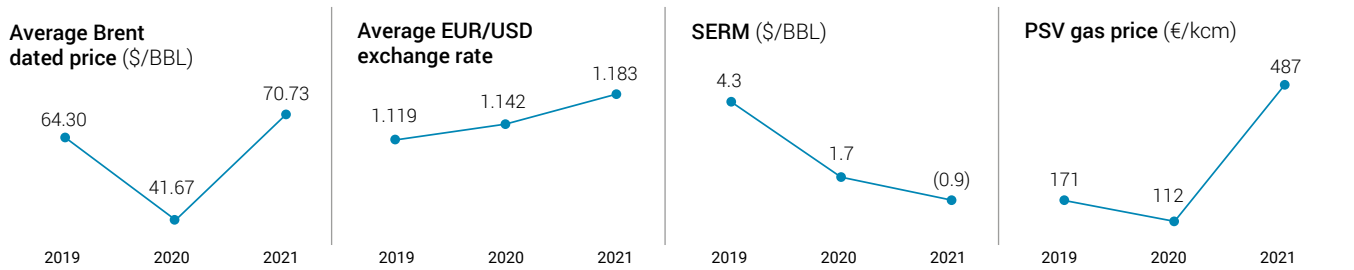
The Refining & Marketing business has continued to be weighed down by the effects of the pandemic, due to weak demand for jet fuel that penalized the profitability of traditional refineries by creating an oversupply of gasoil leading to significantly lower product spreads. The profitability was also affected by the higher costs of gas-indexed energy and plant utilities and the higher costs for the purchase of emission allowances.

The Eni SERM was a negative of 0.9 $/bbl on average for the year. Overall, 2021 saw a significant rebound in consolidated results which closed with a profit of €5.8 billion compared to a loss of €8.6 billion in 2020 and an operating cash flow of €12.9 billion, which increased by approximately €8.1 billion compared to 2020.

Looking to the future, the main risks for the Group's financial performance are linked to the possibility of the spread of new vaccine-resistant variants of the virus, as well as the resumption of inflation driven by the spill-over effects through the supply chains of increased raw material costs as the ultimate, unintended effect of accomodative monetary policies and big tax measures adopted to help the economy recover from the fallout of the pandemic.

2021 economic and financial results

In 2021, Eni reported a net profit attributable to its shareholders of €5,821 million, driven by an operating profit of €12,341 million (against a loss of €3,275 million in 2020), better results of equity-accounted entities (up €790 million), and an improved tax rate.



PROFIT AND LOSS ACCOUNT (€ million)	2021	2020	2019	Change	% Ch.
Sales from operations	76,575	43,987	69,881	32,588	74.1
Other income and revenues	1,196	960	1,160	236	24.6
Operating expenses	(58,716)	(36,640)	(54,302)	(22,076)	(60.3)
Other operating income (expense)	903	(766)	287	1,669	..
Depreciation, depletion, amortization	(7,063)	(7,304)	(8,106)	241	3.3
Net impairment reversals (losses) of tangible and intangible and right-of-use assets	(167)	(3,183)	(2,188)	3,016	94.8
Write-off of tangible and intangible assets	(387)	(329)	(300)	(58)	(17.6)
Operating profit (loss)	12,341	(3,275)	6,432	15,616	..
Finance income (expense)	(788)	(1,045)	(879)	257	24.6
Income (expense) from investments	(868)	(1,658)	193	790	47.6
Profit (loss) before income taxes	10,685	(5,978)	5,746	16,663	..
Income taxes	(4,845)	(2,650)	(5,591)	(2,195)	(82.8)
Tax rate (%)	45.3	..	97.3		
Net profit (loss)	5,840	(8,628)	155	14,468	..
attributable to:					
- Eni's shareholders	5,821	(8,635)	148	14,456	..
- Non-controlling interest	19	7	7	12	..

ADJUSTED RESULTS (€ million)	2021	2020	2019	Change	% Ch.
Operating profit (loss)	12,341	(3,275)	6,432	15,616	..
Exclusion of inventory holding (gains) losses	(1,491)	1,318	(223)		
Exclusion of special items	(1,186)	3,855	2,388		
Adjusted operating profit (loss)	9,664	1,898	8,597	7,766	409.2
Breakdown by business segment:					
Exploration & Production	*9,293*	*1,547*	*8,640*	*7,746*	..
Global Gas & LNG Portfolio	*580*	*326*	*193*	*254*	*77.9*
Refining & Marketing and Chemicals	*152*	*6*	*21*	*146*	..
Plenitude & Power	*476*	*465*	*370*	*11*	*2.4*
Corporate and other activities	*(593)*	*(507)*	*(602)*	*(86)*	*(17.0)*
Impact of unrealized intragroup profit elimination and other consolidation adjustments	*(244)*	*61*	*(25)*	*(305)*	
Net profit (loss) attributable to Eni's shareholders	5,821	(8,635)	148	14,456	..
Exclusion of inventory holding (gains) losses	(1,060)	937	(157)		
Exclusion of special items	(431)	6,940	2,885		
Adjusted net profit (loss) attributable to Eni's shareholders	4,330	(758)	2,876	5,088	..

The adjusted operating profit was €9,664 million, a recovery of significant proportions equal to an increase of €7.8 billion or over 400% from 2020. This performance was driven by the financial discipline and cost reduction initiatives implemented to withstand the enduring impact of COVID-19 and enabled Eni to capture the recovery in energy scenario due to a strong recovery in commodity prices driven by completely different market conditions, which turned to balanced/undersupplied compared to oversupplied markets a year ago impacted by the pandemic COVID-19, due to the reopening of the economies and a strong macroeconomic cycle which drove hydrocarbons demands and significant drawdowns at global oil and products inventories. Commodities supply was impacted by capex plan reduction of oil companies in response to the crisis of the COVID-19.

In 2021 Eni Group reported an adjusted net profit of €4,330 million driven by a better operating performance and a lower tax rate (50% in 2021 compared to 175% in 2020).

Net profit includes special items consisting of net gains of €431 million, relating to the following:

i) the effects of fair value accounting of commodity derivatives (gains of €2,139 million);
ii) reversals of previously recognized impairment losses at oil & gas assets for €1,244 million, driven by an improved hydrocarbon pricing environment;
iii) impairment losses at refineries (approximately €900 million) relating to the book value of operated plants and managed through JV in Italy and in Europe, driven by expected decreasing cash flows reflecting lowered outlook for refining margins and the forecast of higher expenses for emission allowances;
iv) the impairment of exploration projects (€247 million) due to the refocusing of the portfolio with the exiting from marginal areas;
v) the impairment of Chemical assets due to a deteriorated margin scenario (€163 million);
vi) the difference between the value of gas inventories accounted for under the weighted-average cost method provided by IFRS and management's own measure of inventories (gains of €352 million);
vii) environmental provisions (€271 million) mainly in the R&M and Chemical segment;
viii) provisions for redundancy incentives (€193 million);
ix) risk provisions (€142 million);
x) an allowance for doubtful accounts relating to receivables net of finance expense (€109 million) in the E&P segment;
xi) charges of €650 million relating to the JV Vår Energi and our main equity-accounted entities ADNOC Refining.

BREAKDOWN OF SPECIAL ITEMS (€ million)	2021	2020	2019
Special items of operating profit (loss)	(1,186)	3,855	2,388
- environmental charges	*271*	*(25)*	*338*
- impairment losses (impairments reversal), net	*167*	*3,183*	*2,188*
- impairment of exploration projects	*247*		
- net gains on disposal of assets	*(100)*	*(9)*	*(151)*
- risk provisions	*142*	*149*	*3*
- provision for redundancy incentives	*193*	*123*	*45*
- commodity derivatives	*(2,139)*	*440*	*(439)*
- exchange rate differences and derivatives	*183*	*(160)*	*108*
- other	*(150)*	*154*	*296*
Net finance (income) expense	(115)	152	(42)
of which:			
- exchange rate differences and derivatives reclassified to operating profit (loss)	*(183)*	*160*	*(108)*
Net (income) expense from investments	851	1,655	188
of which:			
- gains on disposal of assets			*(46)*
- impairments/revaluation of equity investments	*851*	*1,207*	*148*
Income taxes	19	1,278	351
Total special items of net profit (loss)	(431)	6,940	2,885

Net cash provided by operating activities for the full year of 2021 was €12,861 million, an increase of €8,039 million compared to the full year of 2020, driven by a better scenario in the upstream segment.
The cash flow benefitted from trade receivables (about €2 billion) due in subsequent reporting periods divested to financing institutions, up by approximately €0.7 billion compared to the fourth quarter 2020.
The outflow related to the working capital of €3,146 million was due to the change in the value of inventory holding, the use of advances received by Egyptian state-owned companies for financing the Zohr project, which were netted against invoices for gas supplies and the adjustment of the derivatives fair value.
The dividends received by equity investments mainly related to Vår Energi.
Cash flow from operations before changes in working capital at replacement cost was €12,711 million. This non-GAAP measure includes net cash provided by operating activities before changes in working capital excluding inventory holding gains or losses relating to oil and products and provisions for extraordinary credit losses and other charges, as well as the fair value of commodity derivatives lacking the formal criteria to be designated as hedges.

Net financial borrowings before IFRS16 decreased by €2,581 million mainly due to issuances of hybrid bonds for €2,000 million and the free cash flow provided by operating activities (€5,582 million), partly offset by the payment of dividends to Eni's shareholders of approximately €2,358 million (the 2020 balance dividend of €0.24 per share for a total amount of approximately €854 million and the 2021 interim dividend

of €0.43 per share for a total amount of €1,504 million), the €400 million buy-back program, the payment of lease liabilities for €939 million and the consolidation of debt of acquired subsidiaries (€777 million).

Cash outflows for capital expenditure and investments were €8,051 million, increasing by 60% from 2020 and include the consideration relating the following acquisitions: (i) Be Power, a company engaged in the installation and management of a network of charging stations for electric vehicles for which half of the price will be paid in 2022; (ii) a 20% stake in the Dogger Bank A/B offshore wind project in the North Sea; (iii) the 100% stake in Aldro Energía in the retail gas business; (iv) the 100% stake in Fri-El Biogas Holding engaged in the bioenergy business in Italy; (v) the management control of Finproject by exercising the purchase option on the remaining 60% share of the share capital, following the initial investment of the 40% interest in 2020; and (vi) a portfolio of renewables assets operational/under construction in Italy (wind power assets) and in Spain, France and the United States (including wind and photovoltaic assets).

Net of the above-mentioned non-organic items and of utilization of trade advances cashed by Egyptian partners in previous reporting periods in relation to the financing of the Zohr project (approximately €500 million), net capital expenditures amounted to €5.8 billion. Net capex were fully funded by the adjusted cash flow.

CASH FLOW STATEMENT	(€ million)	2021	2020	2019	Change
Net profit (loss)		5,840	(8,628)	155	14,468
Adjustments to reconcile net profit (loss) to net cash provided by operating activities:					
- depreciation, depletion and amortization and other non-monetary items		8,568	12,641	10,480	(4,073)
- net gains on disposal of assets		(102)	(9)	(170)	(93)
- dividends, interests, taxes and other changes		5,334	3,251	6,224	2,083
Changes in working capital related to operations		(3,146)	(18)	366	(3,128)
Dividends received by investments		857	509	1,346	348
Taxes paid		(3,726)	(2,049)	(5,068)	(1,677)
Interests (paid) received		(764)	(875)	(941)	111
Net cash provided by operating activities		12,861	4,822	12,392	8,039
Capital expenditure		(5,234)	(4,644)	(8,376)	(590)
Investments and purchase of consolidated subsidiaries and businesses		(2,738)	(392)	(3,008)	(2,346)
Disposals of consolidated subsidiaries, businesses, tangible and intagible assets and investments		404	28	504	376
Other cash flow related to investing activities		289	(735)	(254)	1,024
Free cash flow		5,582	(921)	1,258	6,503
Net cash inflow (outflow) related to financial activities		(4,743)	1,156	(279)	(5,899)
Changes in short and long-term financial debt		(244)	3,115	(1,540)	(3,359)
Repayment of lease liabilities		(939)	(869)	(877)	(70)
Dividends paid and changes in non-controlling interests and reserves		(2,780)	(1,968)	(3,424)	(812)
Net issue (repayment) of perpetual hybrid bond		1,924	2,975		(1,051)
Effect of changes in consolidation and exchange differences of cash and cash equivalent		52	(69)	1	121
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT		(1,148)	3,419	(4,861)	(4,567)
Adjusted net cash before changes in working capital at replacement cost		12,711	6,726	11,700	5,985

CHANGE IN NET BORROWINGS	(€ million)	2021	2020	2019	Change
Free cash flow		5,582	(921)	1,258	6,503
Repayment of lease liabilities		(939)	(869)	(877)	(70)
Net borrowings of acquired companies		(777)	(67)		(710)
Net borrowings of divested companies				13	
Exchange differences on net borrowings and other changes		(429)	759	(158)	(1,188)
Dividends paid and changes in non-controlling interest and reserves		(2,780)	(1,968)	(3,424)	(812)
Net issue (repayment) of perpetual hybrid bond		1,924	2,975		(1,051)
CHANGE IN NET BORROWINGS BEFORE LEASE LIABILITIES		2,581	(91)	(3,188)	2,672
IFRS 16 first application effect				(5,759)	
Repayment of lease liabilities		939	869	877	70
Inception of new leases and other changes		(1,258)	(239)	(766)	(1,019)
Change in lease liabilities		(319)	630	(5,648)	(949)
CHANGE IN NET BORROWINGS AFTER LEASE LIABILITIES		2,262	539	(8,836)	1,723

CAPITAL EXPENDITURE	(€ million)	2021	2020	2019	Change	% Ch.
Exploration & Production[a]		3,940	3,472	6,996	468	13.5
- acquisition of proved and unproved properties		*17*	*57*	*400*	*(40)*	*(70.2)*
- exploration		*391*	*283*	*586*	*108*	*38.2*
- oil and gas development		*3,443*	*3,077*	*5,931*	*366*	*11.9*
- CCUS and agro-biofeedstock projects		*37*			*37*	*..*
- other expenditure		*52*	*55*	*79*	*(3)*	*(5.5)*
Global Gas & LNG Portfolio		19	11	15	8	72.7
Refining & Marketing and Chemicals		728	771	933	(43)	(5.6)
- Refining & Marketing		*538*	*588*	*815*	*(50)*	*(8.5)*
- Chemicals		*190*	*183*	*118*	*7*	*3.8*
Plenitude & Power		443	293	357	150	51.2
- Plenitude		*366*	*241*	*315*	*125*	*51.9*
- Power		*77*	*52*	*42*	*25*	*48.1*
Corporate and other activities		187	107	89	80	74.8
Impact of unrealized intragroup profit elimination		(4)	(10)	(14)	6	
Capital expenditure		5,313	4,644	8,376	669	14.4
Investments and purchase of consolidated subsidiaries and businesses		2,738	392	3,008	2,346	..
Total capex and investments and purchase of consolidated subsidiaries and businesses		8,051	5,036	11,384	3,015	59.9

(a) Includes reverse factoring operations in 2021.

SUMMARIZED GROUP BALANCE SHEET	(€ million)	December 31, 2021	December 31, 2020	Change
Fixed assets				
Property, plant and equipment		56,299	53,943	2,356
Right of use		4,821	4,643	178
Intangible assets		4,799	2,936	1,863
Inventories - Compulsory stock		1,053	995	58
Equity-accounted investments and other investments		7,181	7,706	(525)
Receivables and securities held for operating purposes		1,902	1,037	865
Net payables related to capital expenditure		(1,804)	(1,361)	(443)
		74,251	69,899	4,352
Net working capital				
Inventories		6,072	3,893	2,179
Trade receivables		15,524	7,087	8,437
Trade payables		(16,795)	(8,679)	(8,116)
Net tax assets (liabilities)		(3,678)	(2,198)	(1,480)
Provisions		(13,593)	(13,438)	(155)
Other current assets and liabilities		(2,258)	(1,328)	(930)
		(14,728)	(14,663)	(65)
Provisions for employee benefits		(819)	(1,201)	382
Assets held for sale including related liabilities		139	44	95
CAPITAL EMPLOYED, NET		58,843	54,079	4,764
Eni shareholders' equity		44,437	37,415	7,022
Non-controlling interest		82	78	4
Shareholders' equity		44,519	37,493	7,026
Net borrowings before lease liabilities ex IFRS 16		8,987	11,568	(2,581)
Lease liabilities		5,337	5,018	319
- of which Eni working interest		3,653	3,366	287
- of which Joint operators' working interest		1,684	1,652	32
Net borrowings post lease liabilities ex IFRS 16		14,324	16,586	(2,262)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		58,843	54,079	4,764
Leverage		0.32	0.44	
Gearing		0.24	0.31	

In 2021, capital expenditure amounted to €5,313 million (€4,644 million in the full year of 2020) mainly related to: Oil & Gas development activities (€3,443 million) mainly in Egypt, Angola, the United States, Mexico, the United Arab Emirates, Italy, Indonesia and Iraq; the refining activity (€390 million), fuel marketing activity (€148 million); initiatives relating to gas and power marketing in the retail business and renewables activities (€366 million).

As of December 31, 2021, fixed assets of €74,251 million increased by €4,352 million from December 31, 2020: capital expenditures and acquisitions during the year and the positive impact of exchange rate differences were partly offset by DD&A (the period-end exchange rate of EUR vs. USD was 1.133, down 7.7% compared to 1.227 at December 31, 2020).
The movement in net working capital (-€14,728 million) was determined by the increased value of oil and product inventories due to the weighted-average cost method of accounting in an environment of rising prices were partly offset by the recognition of higher income taxes for the year of €1,480 million and by the increase of the other current assets and liabilities (€930 million) due to commodity derivatives.

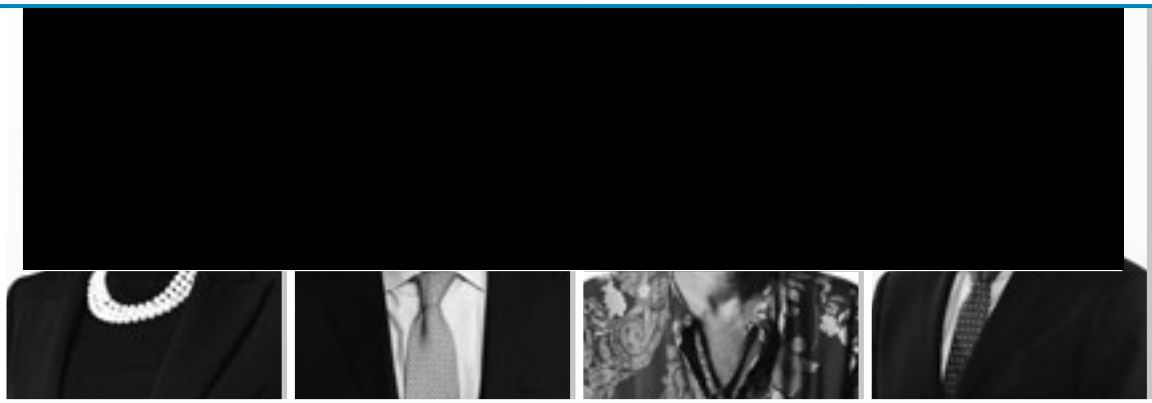
Shareholders' equity (€44,519 million) increased by €7,026 million compared to December 31, 2020 due to the net profit for the period (€5,840 million), the issuance in May 2021 of hybrid bonds for €2 billion and positive foreign currency translation differences (+€2,828 million) reflecting the appreciation of the US dollar vs. the euro as of December 31, 2021 vs. December 31, 2020, partly offset by the distribution of dividends to Eni shareholders (balance of the 2020 dividend of €857 million and the 2021 interim dividend of €1,533 million), the buy-back (€400 million) as well as a negative change in the cash flow hedge reserve of -€1,264 million reflecting trends in gas prices.

Leverage and net borrowings

Leverage is a measure used by management to assess the Company's level of indebtedness. It is calculated as a ratio of net borrowings which is calculated by excluding cash and cash equivalents and certain very liquid assets from financial debt to shareholders' equity, including non-controlling interest. Management periodically reviews leverage in order to assess the soundness and efficiency of the Group balance sheet in terms of optimal mix between net borrowings and net equity, and to carry out benchmark analysis with industry standards.
As of December 31, 2021, net borrowings were €14,324 million decreasing by €2,262 million from 2020.
Total finance debt of €27,794 million consisted of €4,080 million of short-term debt (including the portion of long-term debt due within twelve months of €1,781 million) and €23,714 million of long-term debt.
The increase in financing receivables held for non-operating purposes was due to the material increase in commodity prices and in commodity derivates exposure which triggered requests from financial counterparts and commodity exchanges to adjust the financial deposits to secure the derivatives transactions (margin calls). Those deposit will be reimbursed to the Company upon settlement of the underlying transactions.
When excluding the lease liabilities, net borrowings were re-determined at €8,987 million reducing by €2,581 million from 2020.
Leverage – the ratio of the borrowings to total equity – was 0.32 at December 31, 2021.
The impact of the lease liability pertaining to joint operators in Eni-led upstream unincorporated joint ventures weighted on leverage for 4 points. Excluding the impact of IFRS 16 altogether, leverage would be 0.20.

(€ million)	December 31, 2021	December 31, 2020	Change
Total finance debt	27,794	26,686	1,108
- Short-term debt	4,080	4,791	(711)
- Long-term debt	23,714	21,895	1,819
Cash and cash equivalents	(8,254)	(9,413)	1,159
Securities held for trading	(6,301)	(5,502)	(799)
Financing receivables held for non-operating purposes	(4,252)	(203)	(4,049)
Net borrowings before lease liabilities ex IFRS 16	8,987	11,568	(2,581)
Lease Liabilities	5,337	5,018	319
- of which Eni working interest	3,653	3,366	287
- of which Joint operators' working interest	1,684	1,652	32
Net borrowings post lease liabilities ex IFRS 16	14,324	16,586	(2,262)
Shareholders' equity including non-controlling interest	44,519	37,493	7,026
Leverage before lease liability ex IFRS 16	0.20	0.31	0.11
Leverage after lease liability ex IFRS 16	0.32	0.44	0.12

Directors and officers



BOARD OF DIRECTORS[1]

Lucia Calvosa	Claudio Descalzi	Ada Lucia De Cesaris	Emanuele Piccinno
Chairman	Chief Executive Officer	C	

Sustainability and Scenarios Committee
Nomination Committee
Remuneration Committee
Control and Risk Committee
C Chairman
From the majority list.
From the minority list.

7 independent directors*
78%

4 women
44%

5 men
56%

* 7 directors meets the independence requirements under the Consolidated Law on Financial Intermediation (Legislative Decree No. 58/1998 or CLFI) and/or the Corporate Governance Code (CGC).

13 meetings in 2021
Average duration of meetings **4h 50min**
Average participation rate **100%**

Independence

Independent	7	78%
Non independent	2	22%

Seniority

1-3 years	6	67%
4-6 years	0	0%
7-9 years	3	33%

Age

30-50 years	2	22%
> 50 years	7	78%

1) Appointed by the Shareholders' Meeting of May 13, 2020 for a three-year term, ending on the date of the Shareholders' Meeting called to approve the 2022 financial statements.
9 members, 7 independents, 1 executive Director; Chairman non-executive and independent pursuant to law and to Corporate Governance Code.

BOARD OF STATUTORY AUDITORS

Chairman
Rosalba Casiraghi

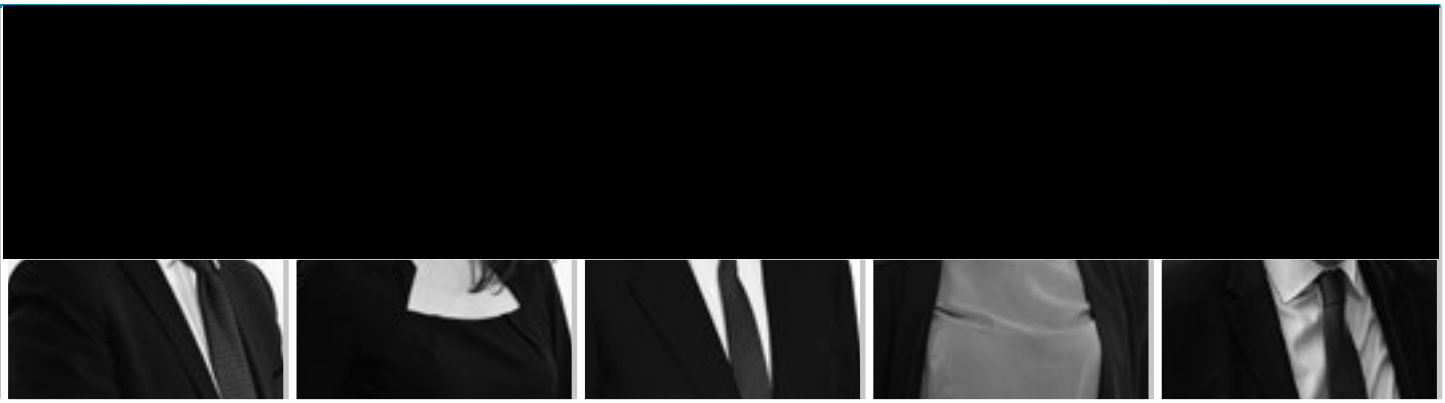
Statutory Auditors
Enrico Maria Bignami
Marcella Caradonna
Giovanna Ceribelli
Marco Seracini

3 women **60%**
2 men **40%**

Meetings in 2021
25
Average participation rate
98%
Average duration of meetings
3h 35 min

Seniority

1-3 years	2	40%
4-6 years	2	40%
7-9 years	1	20%



Filippo Giansante

Karina A. Litvack C

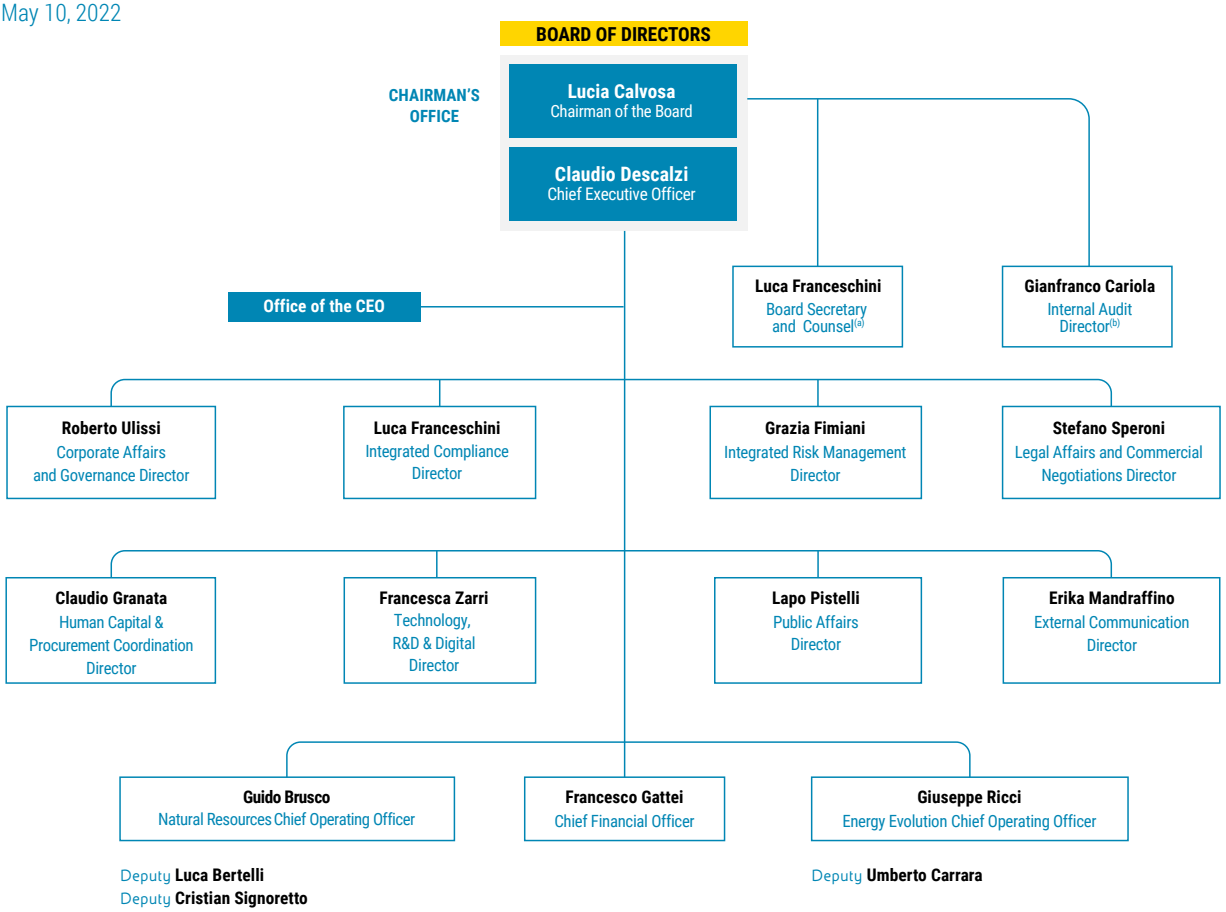
Pietro A. Guindani C

Nathalie Tocci C

Raphael Louis L. Vermeir

GROUP OFFICERS

As of May 10, 2022



(a) The Board Secretary and Counsel reports hierarchically and functionally to the Board of Directors and, on its behalf, to the Chairman.
(b) The Internal Audit Director reports hierarchically to the Board and, on its behalf, to the Chairman, without prejudice to its functional reporting to the Control and Risk Committee and to the CEO, in his capacity as director in charge of establishing and maintaining the Internal Control and Risk Management System. From April 1st, 2021 the Internal Audit Director is Gianfranco Cariola; until March 31, 2021 the Internal Audit Director was Marco Petracchini.

Remuneration

The Eni Remuneration Policy is approved by the Board of Directors, following a proposal by the Remuneration Committee, which is entirely made up of non-executive, independent Directors. It is defined in accordance with the corporate governance model adopted by the Company as well as with the recommendations of the Italian Corporate Governance Code.
The Eni Remuneration Policy contributes to pursuing the Company's strategies, with the definition of incentive structures tied to the achievement of financial, business, environmental and social sustainability, energy transition goals, as well as operational and individual development objectives, defined with a view to the achievement of long-term business performance, taking account of the interests of all stakeholders.
Eni' Remuneration Policy is also consistent with the governance model adopted by the Company and the recommendations of the Italian Corporate Governance Code, in particular providing that the remuneration of Directors, members of the Board of Statutory Auditors, General managers and Managers with strategic responsibilities is functional to the pursuit of the sustainable success of the Company and reflects the need to attract, retain and motivate people with the skills and professionalism deemed adeguate to the tasks assigned in the Company (Principle XV of the Corporate Governance Code).

Eni's Remuneration Policy contributes to achieving the Company's mission, towards:

- promoting actions and behaviours reflecting the Company's values and culture, consistent with the principles of plurality, equal opportunity, enhancement of individuals' knowledge and skills, fairness, integrity and non-discrimination, as described in the Code of Ethics and Eni Policy "Our people" in line with the objectives of the United Nations and according to the principle of "equal pay for equal work " ;
- recognising roles and responsibilities, results, and the quality of professional contribution, with fair references based on the role and able to support an acceptable standard of living, higher than the legal or contractual minimums in force, as well as the minimum wages of local markets.

Remuneration policies support achievement of the targets set in the Company's Strategic Plan by promoting, through a balanced use of performance indicators in the short- and long-term incentive systems, the alignment of senior management's interests with the priority of creating sustainable value for shareholders and other stakeholders over the medium-to-long-term. The pillars of the Company's strategy include long-term value creation, attention to the environment, safety and people, strict financial discipline, together with a strong commitment to the ongoing decarbonisation process.

2022 TARGETS FOR THE SHORT-TERM INCENTIVE PLAN WITH DEFERRAL 2023

ECONOMIC AND FINANCIAL RESULTS (25%)	OPERATING RESULTS AND SUSTAINABILITY OF ECONOMIC RESULTS (25%)	ENVIRONMENTAL SUSTAINABILITY AND HUMAN CAPITAL (25%)	EFFICIENCY AND FINANCIAL STRENGTH (25%)
INDICATORS Earning Before Tax (12.5%) Free Cash Flow (12.5%)	INDICATORS Hydrocarbon production (12.5%) Incremental Installed Capacity from renewable (12.5%)	INDICATORS GHG emission intensity Scope 1 and 2 - equity (12.5%) Severity Incident Rate (12.5%)	INDICATORS ROACE (12.5%) Net Debt/EBITDA adjusted (12.5%)
DRIVERS Upstream expansion Strengthen Gas & Power operations Resilience in downstream Green business	DRIVERS Fast track approach Renewable energies development	DRIVERS Decarbonisation HSE and sustainability	DRIVERS Financial discipline Efficiency of operating costs and G&A Optimisation of working capital

The Short-Term Incentive with deferral is linked to achieving the annual targets set by the Board.
The 2022 targets approved by the Board on March 17, 2022, for the 2023 short-term variable incentive system with deferral call for maintenance of a structure that is focused on essential milestones in line with the Strategic Plan and balanced in respect of the interests of the various stakeholders, with particular respect to the issues of energy transition and decarbonisation, through the adoption of performance indicators strictly connected to the corporate strategy and aimed at measuring the achievement of annual objectives with a view to medium/long-term sustainability. The value of each indicator is in line with the budgeted figure.

REMUNERATION PAID IN 2021

The table below reports the remuneration paid to the Chairman of the Board of Directors, the Chief Executive Officer and General Manager and, in aggregate form, Managers with strategic responsibilities.
The remuneration received from subsidiaries and/or associates, except that waived or paid to the company, are shown separately.

REMUNERATION PAID TO CHAIRWOMAN, TO THE CHIEF EXECUTIVE OFFICER AND GENERAL MANAGER, TO CHIEF OPERATING OFFICERS AND TO OTHER MANAGERS WITH STRATEGIC RESPONSIBILITIES (€ thousand)

						Variable non-equity remuneration						
First Name and Surname	Position	Period for which the position was held	Expiration of office[a]	Fixed remuneration	Remuneration for participation in Committees	Bonuses and other incentives	Profit sharing	Non-monetary benefits	Other remuneration	Total	Fair value of equity-based remuneration	Severance indemnity for end of office or termination of employment
Lucia Calvosa	Chairwoman	01.01 - 12.31	2023	500				10	15	525		
Claudio Descalzi	Chief Executive Officer and General Manager	01.01 - 12.31	2023	1,600		4,208		44		5,852	1,614	
Managers with strategic responsibilities[b]		Remuneration in the reporting entity		10,701		12,841		271	95	23,908	2,609	
				12,801		17,049		325	110	30,285	4,223	

(a) The office will expire with the Shareholders' Meeting called to approve the Financial Statements as at December 31, 2022.
(b) Managers who were permanent members of the Company's Management Committee during the year together with the Chief Executive Officer, or who reported directly to the CEO (twenty-three managers). It includes the remuneration paid to Alessandro Puliti and Giuseppe Ricci in charge as Chief Operating Officer of Natural Resources and Energy Evolution Business Group respectively.

MONETARY INCENTIVE PLANS FOR THE CHIEF EXECUTIVE OFFICER AND GENERAL MANAGER, CHIEF OPERATING OFFICERS AND OTHER MANAGERS WITH STRATEGIC RESPONSIBILITIES (€ thousand)

	BONUS FOR THE YEAR			BONUS FOR PREVIOUS YEARS				
First Name and Surname	Position	Payable/paid	Deferred	Dereffal period	No longer payable	Payable/paid	Still deferred	Other bonuses
Claudio Descalzi	Chief Executive Officer and General Manager	2,106[a]	1,134	Three-year		2,102[b]	2,226	
Other Managers with strategic responsibilities[c]		8,655	3,303	Three-year		4,186	6,612	
		10,761	4,437			6,288	8,838	

(a) Annual portion of the 2022 Short-Term Incentive Plan earned in 2021.
(b) Deferred portion of the STI plan awarded in 2019, earned for performance achieved in the 2019-2021 vesting period.
(c) Managers who were permanent members of the Company's Management Committee during the year, together with the Chief Executive Officer and who reported directly to the CEO (twenty-three managers). It includes the remuneration paid to Alessandro Puliti and Giuseppe Ricci in charge as Chief Operating Officer of Natural Resources and Energy Evolution Business Group respectively.

INCENTIVE PLANS BASED OF FINANCIAL INSTRUMENTS, OTHER THAN STOCK OPTIONS, FOR THE CHIEF EXECUTIVE OFFICER AND GENERAL MANAGER, FOR CHIEF OPERATING OFFICERS AND FOR OTHER MANAGERS WITH STRATEGIC RESPONSIBILITIES

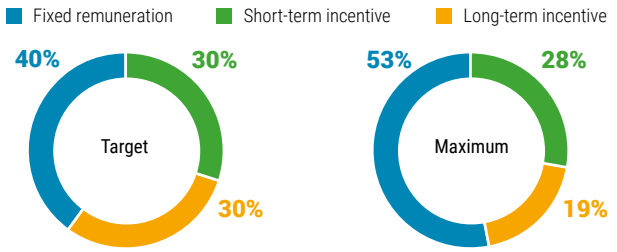
			Financial instruments awarded in previous years and not vested during the year		Financial instruments awarded during the year					Financial instruments vested during the year and not assignable	Financial instruments vested during the year and assignable		Financial instruments for the year
First Name and Surname	Position	Plan	Number of Eni shares	Vesting period	Number of Eni shares	Fair value at assignment date (€ thousand)	Vesting period	Assignment date	Market price on assignment date (€)	Number of Eni shares	Number of Eni shares	Value at date of vesting	Fair value (€ thousand)
Claudio Descalzi	Chief Executive Officer and General Manager	2021 Equity-based Long-Term Incentive Plan			230,882	2,171	3 years	10/28/2021	12.164				60
		2020 Equity-based Long-Term Incentive Plan	292,451	3 years									374
		2019 Equity-based Long-Term Incentive Plan									176,247		564
Total					230,882	2,171							998
Managers with strategic responsibilities													
Managers with strategic responsibilities[a]		2021 Equity-based Long-Term Incentive Plan			473,836	4,302	3 years	11/30/2021	11.642				19
		2020 Equity-based Long-Term Incentive Plan	509,598	3 years									1,008
		2019 Equity-based Long-Term Incentive Plan									222,109		768
Total					473,836 704,718	4,302 6,473							1,795 2,793

(a) Managers who were permanent members of the Company's Management Committee, during the year together with the Chief Executive Officer or who reported directly to the Chief Executive Officer (twenty-three managers). It includes the remuneration paid to Alessandro Puliti and Giuseppe Ricci in charge as Chief Operating Officer of Natural Resources and Energy Evolution Business Group respectively.

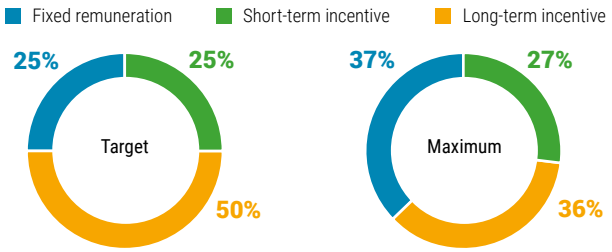
PAY MIX

The remuneration package of the Chief Executive Officer includes a fixed component, a short-term variable component, and a long-term variable component, which comprises a short-term incentive deferral and long-term share incentive determined using internationally recognized methodologies for remuneration benchmarks.
The pay mix, calculated by considering fixed remuneration as the base, is weighted significantly towards the variable components, with a dominant weighting attributed to the long-term component for remuneration benchmarks.
The pay mix, calculated by considering fixed remuneration as the base, is weighted significantly towards the variable components, with a dominant weighting attributed to the long-term component.

PAY MIX CEO



PAY MIX MSRs



OVERALL REMUNERATION OF KEY MANAGEMENT PERSONNEL

Remuneration of persons responsible of key positions in planning, direction and control functions of Eni Group companies, including executive and non-executive Directors, Chief Operating Officers and other managers with strategic responsibilities in charge at December 31, 2021, amounted to €47 million, as described in the following table:

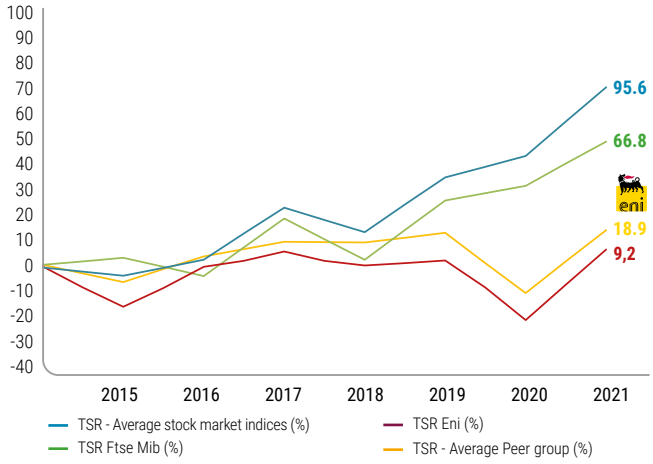
(€ million)	2021
Wages and salaries	29
Post-employment benefits	3
Other long-term benefits	15
TOTAL	47

PERFORMANCE AND REMUNERATION

In 2015-2021, Eni delivered a total shareholder return of +18.9%, compared with +9.2% for the peer group[1], while the FTSE Mib index produced a TSR of +66.8% compared with an average +95.6% for the peer companies' respective benchmark stock market indices[2].
The following table compares developments in Eni TSR and total CEO/GM remuneration for 2015-2021:

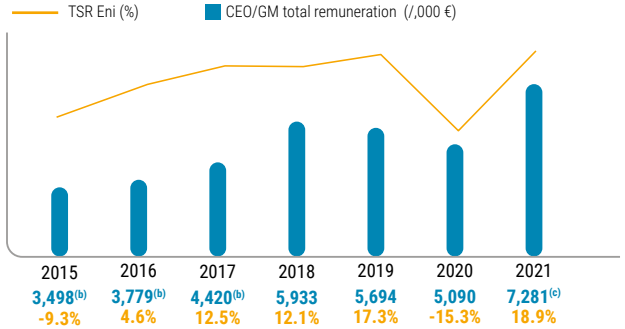
TOTAL SHAREHOLDER RETURN

(Eni vs. Peer Group and benchmark Stock Market Indices)



PAY FOR PERFORMANCE ANALYSIS

(TSR Eni vs. CEO/GM total remuneration for 2015-2021)[(a)]



(a) Total remuneration data for 2015-2017 include incentives accrued by the CEO/GM in his previous role as GM of the E&P Department.
(b) The amount actually paid in 2020 is €4,356 thousand in relation to the deferral in 2021 of 50% of the 2017 deferred incentive accrued (50% of €1,468,8 thousand).
(c) The amount actually paid in 2021 is €5,969 thousand reflecting the deferral in 2022 of 25% of the annual 2021 bonus (25% of €2,153 thousand) and 50% of the 2018 deferred incentive accrued (50% of €1,549 thousand).

(1) The Peer Group consists of: Exxon Mobil, Chevron, BP, Shell, Total, ConocoPhillips, Equinor, Apache, Marathon Oil, Occidental Petroleum.
(2) Benchmark indices are: Standard & Poors 500, Cac 40, FTSE 100, AEX, OBX.

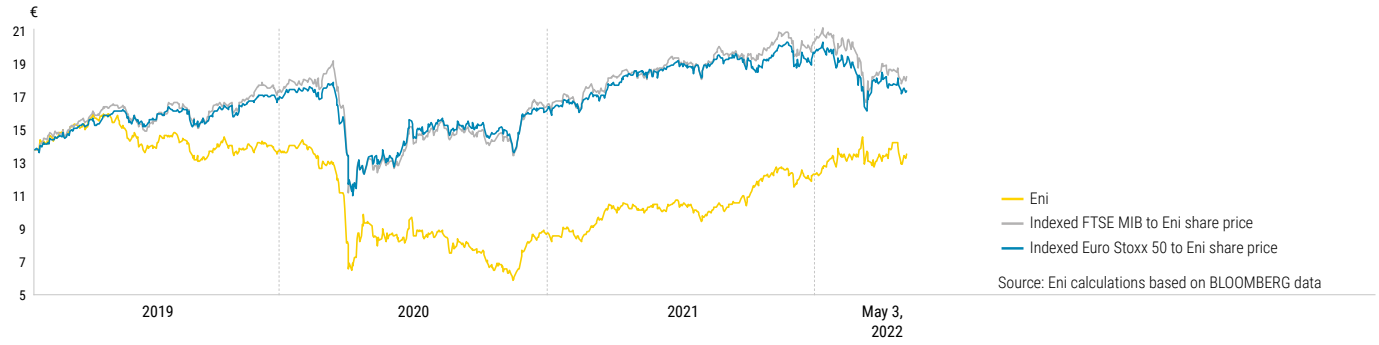
Investor information

ENI SHARE PERFORMANCE IN 2021

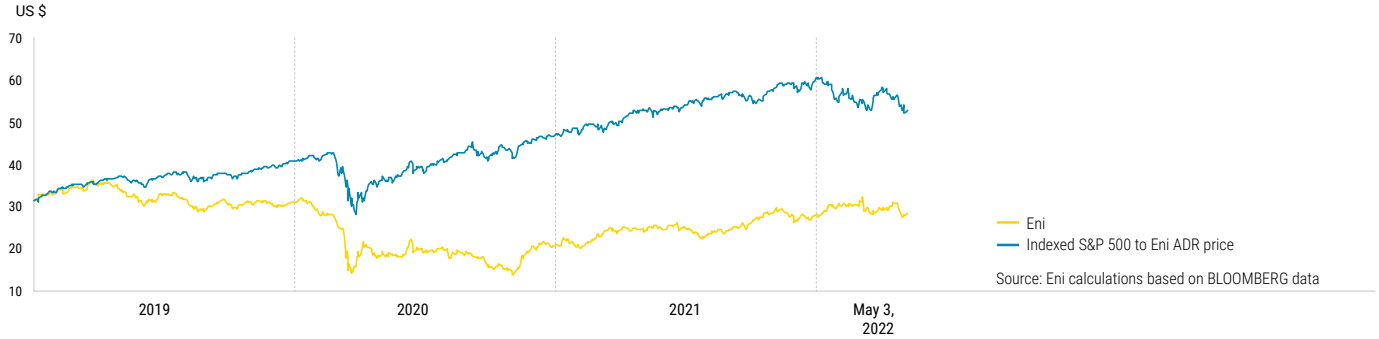
In accordance with Article 5 of the By-laws, the Company's share capital amounts to €4,005,358,876.00, fully-paid, and is represented by 3,605,594,848 ordinary registered shares without indication of par value. In the last session of 2021, Eni share price, quoted on the Italian Stock Exchange, was €12.22, up by 42.9% from the price quoted at the end of 2020 (€8.55). The Italian Stock Exchange is the primary market where Eni share is traded. During the year, FTSE/MIB index, the basket including the 40 most important shares listed on the Italian Stock Exchange, increased by 23 percentage points. At the end of 2021, Eni ADR listed on the NYSE was $27.65, up by 34.2% compared to the price registered in the last session of 2020 ($20.60). One ADR is equal to two Eni ordinary shares. In the same period the S&P 500 index increased by 21.6 percentage points. Eni market capitalization at the end of 2021 was €44 billion (€31 billion at the end of 2020). Shares traded during the year totaled 4.4 billion, with a daily average of shares traded of 17 million (20.4 million in 2020). The total traded value of Eni shares amounted to approximately €45.8 billion (€45.5 billion in 2020), equal to a daily average of €179 million.

		2021	2020	2019
Market quotations for common stock on the Mercato Telematico Azionario (MTA)				
High	(€)	12.75	14.32	15.94
Low		8.2	5.89	13.04
Average daily close		10.56	8.96	14.36
Year-end close		12.22	8.55	13.85
Market quotations for ADR on the New York Stock Exchange				
High	($)	29.70	32.12	36.17
Low		19.97	13.71	28.84
Average daily close		24.98	20.28	32.12
Year-end close		27.65	20.60	30.92
Average daily traded volumes	(million shares)	17.03	20.40	11.41
Value of traded volumes	(€ million)	179	178	164

ENI SHARE PRICE IN MILAN
(December 31, 2018 - May 3, 2022)

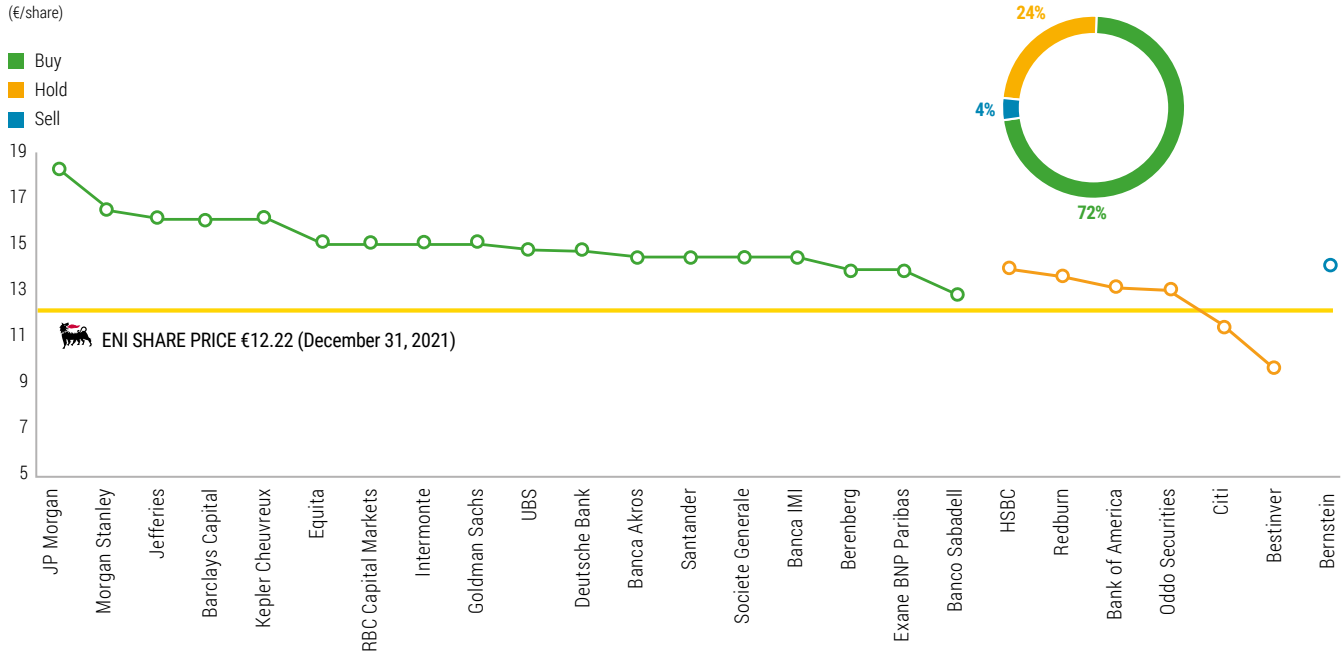


ENI ADR PRICE IN NEW YORK
(December 31, 2018 - May 3, 2022)



ENI RATINGS DISTRIBUTION AS OF DECEMBER 31, 2021

(€/share)

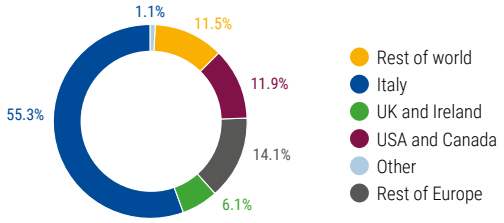


SUMMARY FINANCIAL DATA

		2021	2020	2019
Net profit (loss)				
- per share[a]	(€)	1.60	(2.42)	0.04
- per ADR[a][b]	($)	3.78	(5.53)	0.09
Adjusted net profit (loss)				
- per share[a]	(€)	1.19	(0.21)	0.80
- per ADR[a][b]	($)	2.81	(0.48)	1.79
Cash flow				
- per share[a]	(€)	3.61	1.35	3.45
- per ADR[a][b]	($)	8.54	3.08	7.72
Adjusted Return on average capital employed (ROACE)	(%)	8.4	(0.6)	5.3
Leverage ante IFRS 16		20	31	24
Leverage post IFRS 16		32	44	36
Gearing		24	31	26
Coverage		15.7	(3.1)	7.3
Current ratio		1.3	1.4	1.2
Debt coverage		89.8	29.1	72.4
Debt/EBITDA adjusted		83.7	174.1	100.7
Dividend pertaining to the year	(€ per share)	0.86	0.36	0.86
Total Share Return (TSR)	(%)	52.4	(34.1)	6.7
Dividend yield[c]		7.1	4.2	6.3

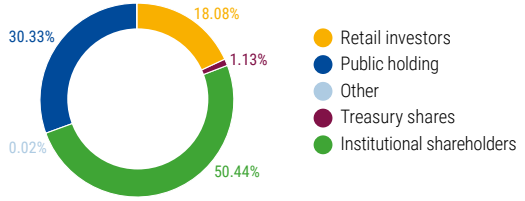
(a) Fully diluted. Ratio of net profit (loss)/cash flow and average number of shares outstanding in the period. Dollar amounts are converted on the basis of the average EUR/USD exchange rate quoted by Reuters (WMR) for the period presented.
(b) One American Depositary Receipt (ADR) is equal to two Eni ordinary shares.
(c) Ratio of dividend for the period and the average price of Eni shares as recorded in December.

SHAREHOLDERS DISTRIBUTION BY GEOGRAPHIC AREA(*)



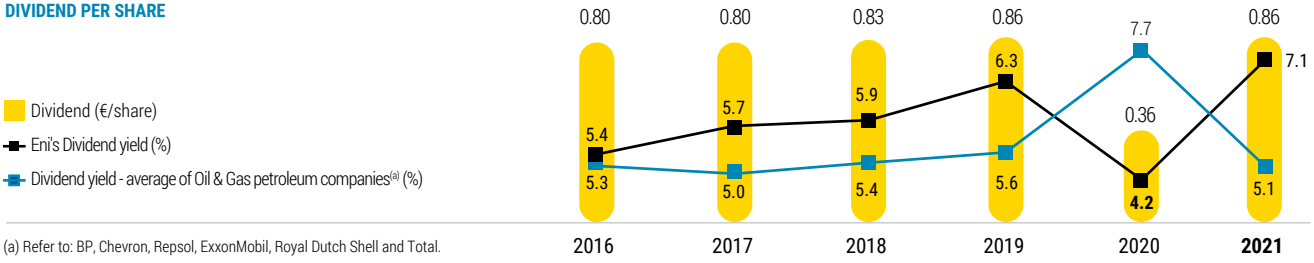
(*) As of March 17, 2022.

CLASS OF SHAREHOLDERS(*)



(*) As of March 17, 2022.

DIVIDEND PER SHARE



(a) Refer to: BP, Chevron, Repsol, ExxonMobil, Royal Dutch Shell and Total.

DIVIDENDS

For 2022, having assessed the progress of the Company in executing its strategy, a solid financial position and an improved outlook for crude oil prices, Eni has increased the annual total dividend to €0.88 per share from €0.86 paid in 2021, based on the assumption of a 2022 Brent Reference Price of 80 $/bbl approved by Eni Board of Directors on March 17, 2022. This dividend is expected to be paid in four equal quarterly instalments in September 2022, November 2022, March 2023 and May 2023. Furthermore, consistently with its remuneration policy Eni will also activate a share buyback program of €1.1 billion, subject to shareholders' approval at the Annual General Meeting scheduled in May 2022. Management may also activate incremental buy-backs, subject to an upward revision of the Company' s Brent reference price for 2022 which may occur in July 2022 and October 2022.

Holders of ADRs receive their dividends in US dollars. The dividend for 2021 based on the management's proposal to the General Shareholders' Meeting and subject to approval was translated as per the portion related to the interim dividend (€0.86 per ADR) at the Noon Buying Rate recorded on the payment date on September 22, 2021. The final dividend for the 2021 fiscal year will be paid on May 25, 2022.

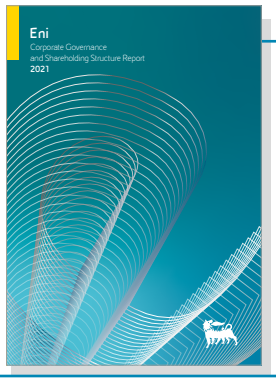
On ADR payment date, Citibank N.A. pays the dividend less the amount of any withholding tax under Italian law (currently 26%) to all Depository Trust Company Participants, representing payment of Eni SpA's gross dividend. By submitting to Citibank N.A. certain required documents with respect to each dividend payment, US holders of ADRs will enable the Italian Depositary bank and Citibank N.A. as ADR Depositary to pay the dividend at the reduced withholding tax rate of 15% US shareholders can obtain relevant documents as well as a complete instruction packet to benefit from this tax relief by contacting Citibank N.A. at +1-781-575-4555.

Publications

ANNUAL REPORT ON FORM 20-F 2021
a comprehensive report on Eni's activities and results required by the US Securities Exchange Act of 1934 and filed with the US Securities and Exchange Commission.

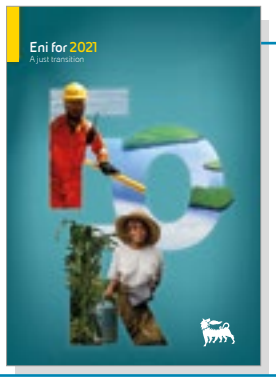
REPORT ON REMUNERATION POLICY AND REMUNERATION PAID 2022
a report on Eni's compensation and remuneration policies pursuant to rule 123-ter of Legislative Decree No. 58/1998.

ANNUAL REPORT 2021
a comprehensive report on Eni's activities and financial and sustainability results for the year. Includes the consolidated disclosure of non-financial information (NFI), prepared in accordance with Legislative Decree No. 254/2016, relating to environment, social, people, human rights and anti-corruption issues.



CORPORATE GOVERNANCE AND SHAREHOLDING STRUCTURE REPORT 2021
a report on the Corporate Governance system adopted by Eni pursuant to rule 123-bis of Legislative Decree No. 58/1998.

FACT BOOK 2021
Supplement to Eni's annual report. A report on Eni's businesses development and performances including a full set of operating and financial statistics.



ENI FOR 2021
a report that describes how Eni creates value in the long-term through the integrated business model and pursues local development and the path to decarbonization through its model for operational excellence.

These and other Eni publications are available on Eni's internet site eni.com, in the section Publications [redacted]
Shareholders may receive a hard copy of Eni's publications, free of charge, through an e-mail request addressed to the mailbox: request@eni.com.

FINANCIAL CALENDAR

The dates of the Board of Directors' meetings to be held during 2022 in order to approve/review the Company's quarterly, semi-annual and annual preliminary results are the following:		
	Results for the first quarter of 2022	**April 28, 2022**
	Results for the second quarter and the first half of 2022	**July 28, 2022**
	Results for the third quarter of 2022	**October 27, 2022**
	Preliminary full-year results for the year ending December 31, 2022	**February 2023**

A press release on quarterly results is disseminated to the market the following day, when management also hosts a conference call with financial analysts to review the Group performance.

Eni SpA

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Piazzale Enrico Mattei, 1 - Rome - Italy
Capital Stock as of December 31, 2021: € 4,005,358,876.00 fully paid
Tax identification number 00484960588

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Appendix C

MOODY ENI CREDIT OPINION SEPTEMBER 2022 AND S&P FULL ANALYSIS 2021

MOODY'S
INVESTORS SERVICE

CREDIT OPINION
7 September 2022

Update

Send Your Feedback

RATINGS

Eni S.p.A.

Domicile	Rome, Italy
Long Term Rating	Baa1
Type	LT Issuer Rating
Outlook	Negative

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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Eni S.p.A.

Update following outlook change to negative

Summary

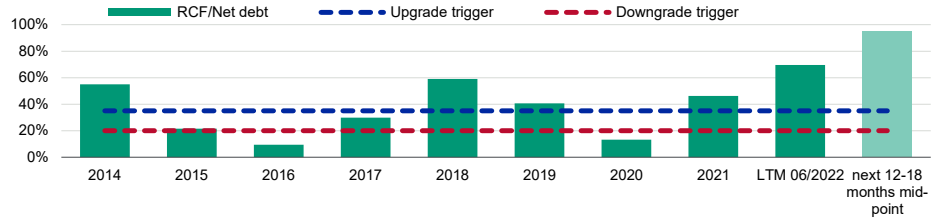
The Baa1 issuer rating of Eni S.p.A. (Eni) is primarily constrained by the Government of Italy's Baa3 rating. Eni qualifies as a government-related issuer (GRI), and given its links with the Italian economy and the Italian government, its rating is capped at two notches above the government rating. Hence, the negative outlook on Eni's rating reflects the negative outlook on Italy's rating.

Eni's rating is mainly supported by its (1) sizeable and geographically well-diversified asset base in the upstream business; (2) strong track record of successful exploration, with one of the highest reserve replacement ratios in the industry; (3) comprehensive strategy and increasing investments to reduce its carbon footprint; (4) balanced financial policies that included actions to maintain a strong balance sheet during the coronavirus pandemic, including a downward revision of dividends announced in 2020; (5) very strong credit metrics for its rating with RCF/net debt at around 70% by LTM June 2022 and (6) excellent liquidity. Absent the linkage with Italy, Eni's sound business profile, successful management track record in combination with a conservative financial policy and strong metrics would support a higher credit rating.

These strengths are partly balanced by the company's (1) exposure to volatile oil and gas (O&G) prices because its earnings are predominantly driven by its upstream business; (2) significant exposure to non-OECD countries in the upstream business; (3) somewhat less diversified business profile compared with that of larger integrated O&G majors with more balanced upstream and downstream operations; and (4) medium-term risks related to the sluggish demand for oil and pressure to reduce carbon footprint, which will require sizeable investments to adjust the portfolio.

Exhibit 1

Eni's credit metrics are benefitting from the high O&G prices. Positive impact is expected to remain in the next 12-18 months



The figures are shown as adjusted by us. The forward view is our view and not the view of the issuer. For the 12-18 months forward view we assumed Brent price of $100/bbl in 2022 and $90/bbl in 2023.
Source: Moody's Financial Metrics

Credit strengths

» Strong reserve position, with 6,628 million barrels of oil equivalent (boe) net proved hydrocarbon reserves (as calculated by us) as of 2021 and strong organic reserve replacement over the last few years

» Conservative financial policy as evidenced by actions such as a downward revision of dividends announced in 2020 in response do the pandemic

» Excellent liquidity

Credit challenges

» Eni's rating is limited to a positive differential of two notches above the Baa3 rating of the Italian government.

» Eni faces medium-term risks related to the sluggish demand for oil and carbon footprint reduction, which will require investments to reposition the portfolio.

» The company's business profile is somewhat less diversified compared with that of larger integrated O&G majors with more balanced upstream and downstream operations.

Rating outlook

The negative rating outlook on Eni reflects the negative outlook on Italy's Baa3 sovereign rating, considering that Eni's rating is limited to a positive differential of two notches above the Baa3 rating of the Italian government.

Factors that could lead to an upgrade

» The sovereign rating constrains any upside potential for Eni's rating, and a higher rating for the company is unlikely in the absence of a higher rating for Italy.

» Eni's rating could be upgraded if it maintains a strong financial profile, with retained cash flow (RCF)/net debt in the mid-30s in percentage terms, in addition to a higher Italian sovereign rating.

Factors that could lead to a downgrade

» A downgrade of the sovereign rating

» A weakening of Eni's financial profile on a sustained basis, with RCF/net debt declining below 20%

Key indicators

Exhibit 2

Key Indicators for Eni S.p.A.

	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	LTM 06/30/2022	Next 12-18 months (As of Aug-22)
Average Daily Production (Mboe/day)	1,729	1,762	1,766	1,630	1,580	1,563	1600 - 1700
Proved Reserves (Million boe)	6,667	6,827	6,906	6,515	6,241	6,241	6,241
Total Crude Distillation Capacity (mbbl/day)	548	548	732	732	732	732	732
EBIT/Average Book Capitalisation	4.4%	12.4%	10.4%	1.6%	14.1%	22.5%	25% - 35%
Downstream EBIT/Total Throughput Barrels ($/bbl)	$5.7	$2.2	$0.1	$0.0	$1.1	$9.4	8.5 - 9.5
EBIT / Interest Expense	4.1x	11.5x	7.6x	1.3x	12.1x	20.0x	25x - 30x
Retained Cash Flow/Net Debt	30.0%	59.0%	40.5%	13.2%	46.1%	69.7%	90% - 100%
Total Debt/Capital	38.7%	38.2%	40.2%	48.0%	46.5%	42.4%	38% - 42%

The figures are shown as adjusted by us. The forward view is our view and not the view of the issuer. For the 12-18 months forward view we assumed Brent price of $100/bbl in 2022 and $90/bbl in 2023.

Source: Moody's Financial Metrics

Profile

Headquartered in San Donato Milanese, Italy, Eni S.p.A. (Eni) is a leading integrated energy company and one of the largest corporations in the country. For the 12 months that ended June 2022, the company reported €110 billion in sales from operations, with around €163 billion in assets as of the end of June 2022 and exploration and development of oil and gas in more than 40 countries worldwide. Eni is de facto controlled by the Italian government through a 30.6% stake held either directly or via Italy's promotional institution Cassa Depositi e Prestiti S.p.A. (Baa3 stable), and we consider it a GRI. The company is listed in Italy and the US, with a market capitalisation of around €44.6 billion as of 29 August 2022.

In July 2020, Eni implemented a new organisational structure based on two new general departments, Natural Resources and Energy Evolution, with four reportable segments (excluding Corporate and Other activities):

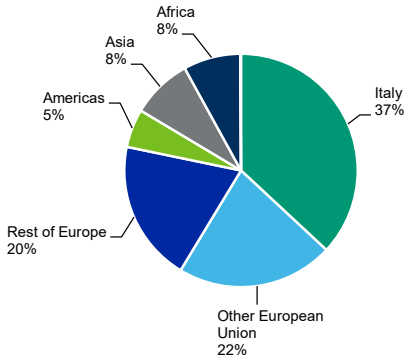
» **Exploration & Production (E&P)**: This segment, which is part of the Natural Resources department, includes research, development and production of hydrocarbons, forestry projects (REDD+), CO_2 capture and storage/ or utilization.

» **Global Gas and LNG Portfolio (GGP)**: This segment, which is part of the Natural Resources department, engages in the wholesale activity of supplying and selling natural gas via pipeline and LNG, and the international transport activity. It also comprises gas trading and optimisation of the gas asset portfolio.

» **Refining 6 Marketing and Chemicals (R&MC)**: This segment, which is part of the Energy Evolution department, includes supply, processing, distribution and marketing of fuels and chemicals.

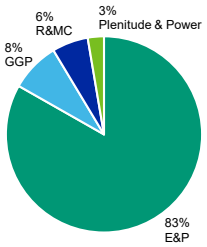
» **Plenitude & Power:** This segment, which is part of the Energy Evolution department, primarily includes retail sales of gas, electricity and related services, and production and wholesale sales of electricity from thermoelectric and renewable plants as well as in the e-mobility services. It also comprises trading activities of CO2 emission allowances to help stabilize/hedge the Clean Spark Spread (CSS) of gas-fired power production and the power sales commercial margin.

Exhibit 3
Revenue split by geography
Last 12 months to June 2022



Source: Company reports

Exhibit 4
Operating profit per reportable segment
Last 12 months to June 2022



As reported by Eni and adjusted for unusual items and CCS inventory holding effect. Corporate and Other activities with negative profit excluded from the chart.
Source: Company reports

Detailed credit considerations

Eni's rating is capped at two notches above the rating of the Italian government

Eni's Baa1 issuer rating is mainly constrained by the Baa3 rating of the Italian government. Eni qualifies as a GRI with a baa1 Baseline Credit Assessment (BCA) and our assumptions of low dependence on and low support from the government. According to our methodology Assessing the Impact of Sovereign Credit Quality on Other Ratings, the relationship between Eni and Italy is strong enough to justify a close linkage of the rating of Eni to the rating of the Italian government. This assessment reflects (1) the government's 30.6% stake in Eni; (2) the company's geographical concentration in Italy in its downstream operations; and (3) the government's ability to submit slates of candidates for the board of directors according to Article 17 of the Eni Bylaws. Six of Eni's

nine current members on the board of directors were elected from the slate of candidates presented by the Ministry of Economy and Finance.

However, despite the close linkage, we allow Eni to be rated as high as two notches above the rating of the government because:

» the company operates with credit metrics generally commensurate with a single-A rating in a mid-cycle price environment;

» more than 90% of the company's upstream production is generated outside of Italy, with the upstream business historically having represented most of its earnings and operating cash flow;

» the company's funding is well diversified and not excessively reliant on the domestic market; and

» over the past decade, the government's interference has been limited; it also supported Eni's dividend cut during the industry downturn in 2015-16 as well as the downward revision of the dividends that Eni announced in 2020 during the pandemic.

Absent the linkage with Italy, Eni's sound business profile, successful management track record in combination with a conservative financial policy and strong metrics would support a higher credit rating.

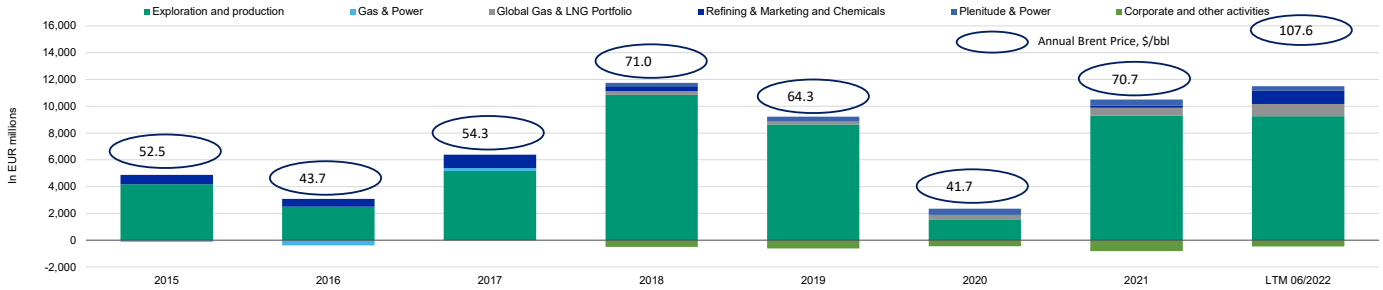
Eni's earnings and operating cash flow are primarily driven by its upstream business and dependent on highly volatile O&G prices

Compared with most international integrated O&G companies that we rate, Eni has relatively small downstream operations, and its earnings and operating cash flow are primarily driven by its sizeable upstream business. Hence, they are, to a major extent, a function of O&G prices, and are also somewhat more volatile considering a lower degree of economic integration than most of its integrated peers.

Due to the pandemic Eni's earnings and operating cash flow decreased significantly in 2020, primarily on the back of collapsed O&G prices, lower production volumes and throughput in its refineries. As a result, in 2020, Eni's Moody's-adjusted funds from operations (FFO) declined by around 60%, which was one of the largest relative declines within the integrated O&G peer group. However, with a rebound in O&G prices through 2021 and record price environment in the first half of 2022, Eni's credit metrics recovered strongly, now positioning Eni very solidly in its rating category. We expect high price volatility to continue and oil and gas prices to remain meaningfully above our medium-term range of $50-$70/bbl for oil prices for the remainder of 2022 and 2023.

Exhibit 5

Eni's earnings have been primarily driven by its upstream business



All figures are as reported by Eni and adjusted for unusual items and CCS inventory holding effect. Data related to segmental reporting implemented in July 2020 is restated back until 2018.

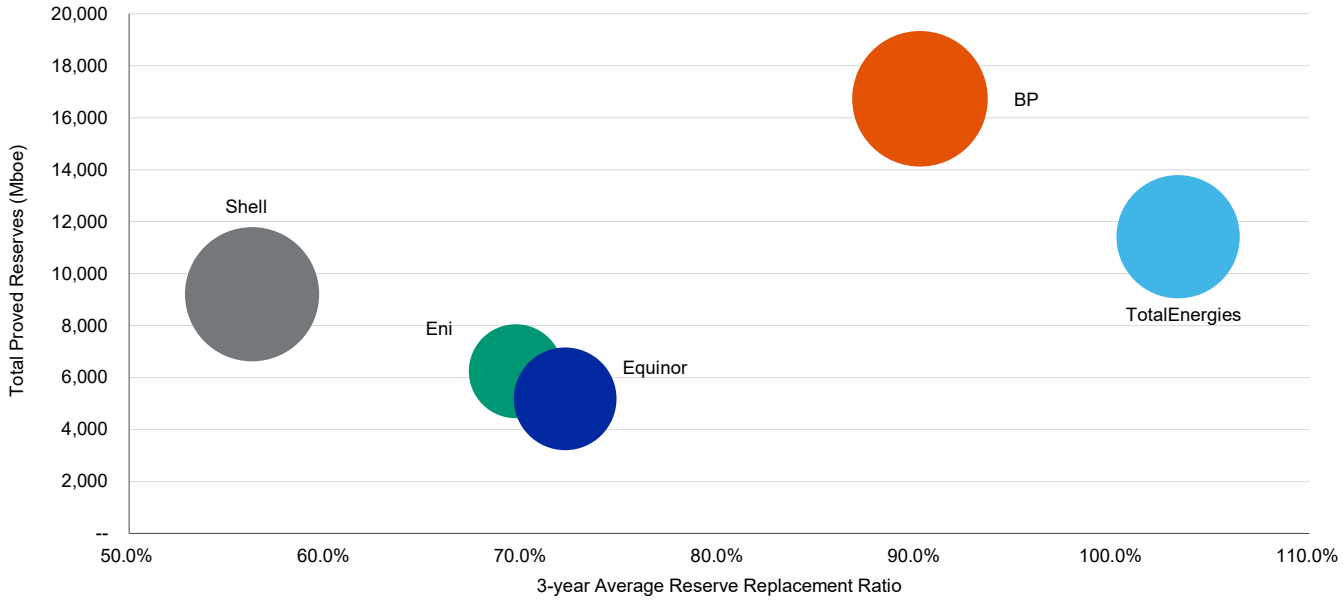
Source: Company reports

Sizeable and diversified upstream business, with a strong track record of successful exploration

Eni is one of the largest integrated European O&G producers. With 1,682 million barrels of oil equivalent a day (boed) in daily production in 2021 and 6,628 million boe in proved reserves as of the end of 2021, the company's upstream business has a scale broadly similar to that of Equinor ASA (Aa2 stable), and is somewhat smaller than the other O&G majors. Most of Eni's assets are conventional, with a proved reserve life of almost 11 years as of year-end 2021 (Moody's-calculated), which is broadly in line with that of the majors. The reserves are currently around 50% gas, but the company's strategy is to increase the share of gas production to 60% by 2030 and more than 90% by 2050, to take advantage of the industries expectation that gas, as the least greenhouse gas-emitting fossil source, is likely to play an increasingly important role in the energy mix in the next two to three decades.

Exhibit 6

Eni is one of the key integrated O&G producers



The size of the bubble represents the average daily production in the last 12 months to September 2021.
Three-year average reserve replacement ratio is Moody's-calculated and captures the 2019-21 period.
Sources: Companies' reports and Moody's Investors Service calculatio

Eni has a strong track record of successful exploration. Compared with many of its peers that have made acquisitions to increase reserves, Eni's growth story has been primarily underpinned by its own discoveries, which included the giant Zohr gasfield offshore project in Egypt in 2015. Between 2014 and 2021, Eni discovered more than 6 billion boe of resources, well above the cumulative production in the period, at a fairly low unit cost, below $1.5 per barrel. Accordingly, its average daily production increased by around 7% between 2014 and 2020, despite around 7% year-over-year decline in 2020 to 1,733 kboe/d in response to Covid. In 2021 production shrunk to 1,682 kboe/d reflecting capex cuts in 2020 to protect cash flows but is expected to broadly remain at this level with 1,670 kboed for the full year 2022.

Under its 2022-25 business plan, the company targets to discover 2.2 billion boe resources with unit exploration costs of below $1.5. Eni's goal is to reach an average annual production growth rate of around 3% between 2022 and 2025, and a plateau of approximately 1.9 million boed in 2025, benefiting from projects already started up or likely to be started during the period. Eni expects that the planned development actions, together with its ongoing focus on efficiency, will allow it to reach a Brent average upstream capital spending coverage of $25/bbl in 2022-2025, $13/bbl less than the 2020 level, while maintaining a degree of flexibility, considering that nearly 40% of cumulative group capex uncommitted over the business plan..

Similar to those of TotalEnergies SE (A1 stable), Eni's production and reserve profiles are significantly exposed to non-OECD countries (80% of proved reserves as of year-end 2021), including Libya, Nigeria, Mozambique, Angola, Egypt, Iraq and Venezuela, which are subject to high risks of disruptions, political instability and, at times, lower payment discipline. This exposure is mitigated by the fact that Eni is relatively well diversified geographically, with upstream operations in more than 40 countries. While we expect Eni's reserve and production profiles to retain its exposure to higher-risk geographies, the company has undertaken a number of projects, which has helped balance this exposure. These include an acquired concession in Abu Dhabi for a 25% interest in the offshore Ghasha gas project; a 5% stake in the Lower Zakum offshore oil field; a 10% stake in the oil, condensate and gas offshore fields of Umm Shaif and Nasr; and most recently in 2019 the acquisition of the Norwegian assets of Exxon Mobil Corporation (Aa2 stable) through its 63.08%-owned joint venture (post the successful IPO in Q1 2022) Var Energi AS (Baa3 stable), which is now a significant dividend contributor to Eni.

Specifically for the GGP business, Eni plans to increase contracted LNG volumes to more than 15 million tonnes (Mt) per annum in 2025, up about 50% from the level in 2020. A growing part of LNG supplies, which will cover 80% of the portfolio by 2025, will be equity gas from Eni's own production hubs in Indonesia, Mozambique, Nigeria and Egypt. Even though the LNG market can be, at times, subject to overcapacity and price pressure, we view an established position in LNG generally as credit positive, because it is

one of the fastest-growing segments in the O&G industry, driven by strong demand particularly in Asia and especially Europe which is seeking to reduce reliance on Russian pipeline-gas imports as quickly as possible. In June 2022 Eni announced that it will take in the world largest $28.75 billion LNG project in Qatar with a stake of 3.125% alongside other international oil & gas players Total, Exxon, Shell Plc (Aa2 stable) and ConocoPhillips (A3 positive). With the expansion of its North Field Qatar has for the first time opened its market for international oil majors and the selection of Eni underlines its strong technological capabilities and competitive position within the global LNG industry.

Continued repositioning of downstream businesses into biofuels and renewables

Eni is repositioning its downstream portfolio to address the medium-term risks related to the sluggish demand for oil and pressure to reduce carbon footprint. Within the R&MC segment, Eni plans to gradually reduce its exposure to traditional refining in Europe, which is characterised by structural weaknesses because of excess capacity, decline in consumption and volatile margins. The company has successfully turned its refineries in Venice and Gela into biorefineries, with an expected double digit internal rate of return. Eni plans to increase its biofuel capacity to 2 Mt per annum by 2025 (around 1 Mt per annum in 2021) and 6 Mt per annum by 2035, which will be largely achieved by a progressive conversion of some of the remaining Italian refineries. Such conversions will, however, require sizeable investments. In the long term, Eni only plans to retain its Ruwais refinery in Abu Dhabi, in which the company bought a 20% stake in 2019, as the only traditional refinery, because of its scale, efficiency and proximity to the markets where the demand is comparatively more robust. Within its chemical business (Versalis), the company is looking to develop circular economy solutions to produce chemicals from renewables and advanced recycled plastics, while turning around the business into sustained profitability.

In 2021, Eni merged its retail business with its renewable business and created a new company, Plenitude, for which the company envisages significant growth. The objective of Plenitude is to develop renewable generation capacity in excess of 6 gigawatts (GW) by 2025 and 15 GW by 2030, from around 1 GW in 2021. Plenitude already has a portfolio of projects in more than 10 countries, including a stake in the world's largest offshore wind project in Dogger Bank in the UK acquired in 2021. This capacity will be offered to the company's growing customer base, forecasted to lead to an increase in EBITDA of the new entity from around €600 million in 2021 to €1.4 billion in 2025 while simultaneously contributing to a reduction in Eni's Scope 3 emissions. Even though the renewables business generally exhibits lower cash flow and earnings volatility than the legacy O&G business, implying lower business risk, the renewable projects need to be highly levered to allow competitive returns on capital not substantially below those of the legacy O&G projects. The company also still needs to establish a track record in managing the rapid growth while maintaining competitive returns. Eni intends to list Plentitude and to sell a minority share once market conditions allow in order to create a dedicated entity with strategic focus and the ability to access capital markets on its own.

Significant and sustained improvement in break-even oil prices

Since the industry downturn in 2015-16, Eni has managed to structurally improve its operations. It has made its development more efficient, reduced time to market, and cut operational expenditure and capital spending. Capex spending has come down significantly from more than €12 billion before 2015 to in average €7.2 billion (2017-21), and in its 2022-25 strategy it assumes annual capital spending of around €7 billion after a temporary dip in 2020 (€4.6 billion) and 2021 (€5.2 billion). In addition, the company has managed to sustainably cut its operating expenditures, including a significant reduction in production costs from $12/bbl in 2014 to $7.5/bbl in 2021. All these factors have contributed to a progressive reduction in Eni's break-even oil price for funding capital spending and base dividends to around $40/bbl expected for year end 2022 from a baseline of $114/bbl in 2014. In 2022-2025, the company aims to achieve average cash neutrality below $45/bbl to cover its capital spending and the floor dividend, including cost inflation.

Financial policies balance growth and robust balance sheet, with a history of the company taking actions in a low-price scenario

Eni follows financial policies that balance growth and a robust balance sheet, with a company-defined average leverage target of around 10% in 2022-2025 before IFRS 16 (at 15% as of the end of June 2022), which, to a degree, limits re-leveraging risk. In addition, the company has an established track record of taking actions to protect its balance sheet in a low-price scenario. For instance, in 2020, in addition to a cut in capital spending, Eni reduced shareholder remuneration, even though in 2021 and H1 22 it was brought back to pre-Covid level. The current dividend policy, as introduced in July 2020 and updated in March 2022 is based on two elements:

» A progressive floor dividend of €0.36 per share at Brent of $43/bbl or above, which will be annually evaluated for growth depending on the execution of the strategic plan.

» A variable component of 30%-45% of additional free cash flow (as defined by Eni) generated between Brent of $43/bbl and $90/ bbl; leading to an expected total dividend of €0.88 per share for 2022, reflecting the strong oil and gas prices.

In addition, Eni's remuneration policy includes share buybacks between €300 million and €1.1 billion for Brent reference price between 56$/bbl and 90$/bbl. Moreover, Eni will return 30% of incremental free cash flows to shareholders through additional buyback if Brent reference price exceeds $90/ bbl. Accordingly, for 2022 Eni announced a share buyback programme of €2.4 billion with Brent reference price of $105/bbl. In 2021 Eni conducted share buybacks of €400 million.

Eni also frequently complements its operating cash flow with proceeds from asset disposals. For instance, in its upstream business, Eni follows a dual exploration model, in which the company monetises discovered resources through the dilution of participation interests while retaining operatorship, leading to upfront cash generation. Since 2013, the dual exploration model has allowed Eni to cash in more than $10 billion, mainly by diluting the company's interest in the giant gas projects of Zohr in Egypt and Area 4 in Mozambique, and the company aims to monetise assets worth around €3 billion between 2022 and 2025. In addition, during 2022, Eni has realised additional value from (1) an IPO of Var Energi; and (2) a JV with BP p.l.c. (A2 stable) that combines both companies' upstream assets in Angola and (3) plans to IPO a share of Plentitude, when market conditions improve.

Eni is committed to carbon neutrality until 2050

Eni's carbon transition strategy is centered around its target to achieve carbon neutrality (Scope 1+2+3) until 2050, with a clearly defined road map to achieve that target. Eni intends to spend more than 25% of total group capex between 2022 and 2025 on low carbon business. The actions the company plans to undertake include, among others:

» increasing the share of gas as upstream production plateau in 2025;

» the conversion of existing European refineries into biorefineries and circular economy projects;

» undertaking carbon sinks and forestry projects;

» expansion of renewables; and

» increasing the share of carbon-free products sold to a higher number of customers.

Exhibit 7

Eni's carbon transition strategy is centered around achieving carbon neutrality by 2050

	2022	2024	2025	2030	2035	2040	2050
Exploration and Production [1]			-43% GHG emission intensity vs. 2014; 0 routine flaring	60% of the production to be from natural gas			more than 90% of the production from gas
Renewables [2]	>2GW installed capacity		>6GW installed capacity	>15 GW installed capacity	>30 GW installed capacity		60 GW installed capacity
Retail [2]	> 10 mln customers		11.5 mln costumers	>15 mln costumers			>20mln customers
Biorefining		production targeted to be palm oil free since 2023	2 Mt pa of bioproducts		6 Mt pa of bioproducts		
EV [2]	>12 thousands charging point installed		c. 30 thousand charging point installed	c. 35 thousand charging point installed			c. 160 thousand charging point installed
Carbon Capture & Natural Climate Solutions [3]			>1 Mton CO2 pa absorbed through CCS	c. 15 Mt CO2 pa absorbed through forstry and around 10 Mt CO2 pa through CCS		c. 20 Mt CO2 pa absorbed through forstry and around 35 Mt CO2 pa through CCS	<25 Mt CO2 pa absorbed through forestry and c. 50 Mt CO2 pa captured per annum through CCS
Net Zero Carbon Footprint (Scope 1+2)			-40% (upstream -65%)	Upstream net zero	Net zero		
Absolute Net GHG Emission Targets (Scope 1+2+3)				-35% compared with the base 2018 levels	-55% compared with the base 2018 levels	-80% compared with the base 2018 levels	Net zero
Net Carbon Intensity Reduction Targets (Scope 1+2+3)				-15% compared with the base 2018 levels		-50% compared with the base 2018 levels	Net zero

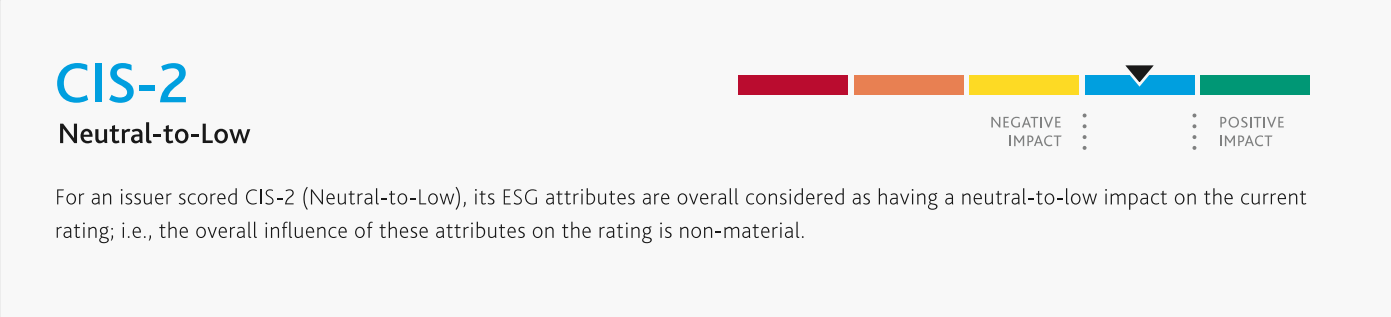
[1] 100% according to operatorship
[2] Including 100% of Plenitude
[3] Including CCUS services for third parties
Source: Company reports

ESG considerations

Eni S.p.A.'s ESG Credit Impact Score is Neutral-to-Low CIS-2

Exhibit 8

ESG Credit Impact Score



Source: Moody's Investors Service

Eni's ESG Credit Impact Score is neutral-to-low (**CIS-2**). This score reflects Eni's high environmental risk exposure and high social risk exposure, balanced by conservative financial policies aimed to maintain a fairly low leverage through the cycle. The score also reflects Eni's status as a GRI, with a linkage to the Baa3 rated government of Italy, with the rating of Eni capped two notches above the rating of the government.

Exhibit 9
ESG Issuer Profile Scores

Source: Moody's Investors Service

Environmental

E-4 (highly negative). Eni has highly negative exposure to environmental risks because of its high exposure to risks arising from carbon transition, water management, natural capital as well as waste and pollution. Integrated oil and gas companies will face increasing pressure over time, as decarbonization efforts and the transition towards cleaner energy will dampen the demand for fossil fuels and refined products in the longer term. The company is making sizeable investments into a wide range of low carbon businesses, including renewables and biofuels, in order to reduce its carbon footprint, which partly balance these risks.

Social

S-4 (highly negative). Eni has a highly negative exposure to social risks mainly driven by demographic & societal pressures as reflected by increasing opposition in some parts of the world against oil and gas production. While its operations are globally diversified, some of them are conducted in countries that are viewed as having higher risks for corruption and could subject the company to rising pressure regarding responsible production.

Governance

G-2 (low risk). Governance risks are neutral-to-low reflecting Eni's conservative financial policies, with a track record of the company taking decisive actions to protect its balance sheet in a low price scenario. Eni has excellent risk management practices, strong operating and management track record and good governance, notwithstanding its shareholder structure with a linkage to the government of Italy.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Liquidity analysis

Eni has excellent liquidity, which supports its Baa1 long-term issuer rating as well its short-term Prime-2 rating. As of the end of June 2022, the company reported around €10.9 billion in cash and cash equivalents, and around €6.3 billion in short-term financial assets held for trading, consisting of a portfolio of various investment-grade bonds. These sources were further supported by a number of various committed banking facilities, with the undrawn portion totalling around €5.0 billion and €5.6 billion of uncommitted short term borrowing facilities as of the end of June 2022. As of the same date, Eni faced short-term debt maturities of around €5.7 billion (excluding leases). Eni's debt maturity profile is well spread, with annual maturities being manageable, typically below €4 billion.

Structural considerations

Eni does not guarantee the bonds of Eni USA Inc. (Baa2 stable), but it has put in place arrangements that should ensure sufficient liquidity is available to its 100% subsidiary Eni Lasmo plc, its original guarantor, if required, to cover debt service. These arrangements are not sufficient for us to equalise the ratings of Eni and Eni USA Inc.'s bonds, but we rate the latter only one notch lower than Eni for reasons that include reputational risk and the immateriality of the legacy $400 million bonds compared with Eni's much larger debt and cash resources.

Eni's hybrid notes are rated Baa3, two notches below Eni's Baa1 issuer rating. This is because they are deeply subordinated to the senior unsecured obligations of Eni, and rank senior only to common and preferred shares. They are perpetual and there are no events of default. Eni may opt to defer coupon payments on a cumulative basis. Although Eni reports and considers the notes as equity, based on our Hybrid Equity Credit methodology, they only qualify for a 50% equity treatment (basket C) in the calculation of our credit metrics.

Methodology and scorecard

We use the Integrated Oil and Gas methodology as the primary methodology for analysing Eni. Under this methodology, the scorecard-indicated outcome based on our 12-18-month forward view is A1, which is three notches above the assigned issuer rating. The issuer rating is currently capped at two notches above the rating of the Italian government.

Exhibit 10

Methodology scorecard for Eni

Integrated Oil and Gas Industry	Current LTM 6/30/2022		Moody's12-18 Month Forward View As of Au gust 2022	
Factor 1 : Scale (20%)	**Measure**	**Score**	**Measure**	**Score**
a) Average Daily Production (Mboe / d)	1,563	Aa	1600 - 1700	Aa
b) Proved Reserves (MMboe)	6,241	Aa	6,241	Aa
c) Crude Distillation Capacity (Mbbls / d)	732	Baa	732	Baa
Factor 2 : Business Profile (25%)				
a) Business Profile	A	A	A	A
Factor 3 : Profitability and Efficiency (10%)				
a) EBIT / Average Book Capitalization	22.5%	Aa	25% - 35%	Aaa
b) Downstream EBIT / Total Throughput Barrels ($ / bbl)	$10.6	Aa	$8.5 - $9.5	A
Factor 4 : Leverage and Coverage (25%)				
a) EBIT / Interest Expense	20.0x	Aa	25x - 30x	Aaa
b) RCF / Net Debt	69.7%	Aaa	90% - 100%	Aaa
c) Total Debt / Book Capitalization	42.4%	Baa	38% - 42%	A
Factor 5 : Financial Policy (20%)				
a) Financial Policy	A	A	A	A
Rating:				
Scorecard-Indicated Outcome from Factors 1-5		A1		A1
Notching Factor: Government Policy Framework		0	0	0
a) Scorecard-Indicated Outcome After Notching Factor		A1		A1
b) Rating Assigned for non-GRIs or BCA Assigned for GRIs				Baa1
Government-Related Issuer				**Factor**
a) Baseline Credit Assessment				baa1
b) Government Local Currency Rating				Baa3
c) Default Dependence				Low
d) Support				Low
e) Actual Rating Assigned				Baa1

The figures are shown as adjusted by us. The forward view is our view and not the view of the issuer. For the 12-18 months forward view we assumed Brent price of $100/bbl in 2022 and $90/bbl in 2023.

Source: Moody's Financial Metrics

Ratings

Exhibit 11

Category	Moody's Rating
ENI S.P.A.	
Outlook	Negative
Issuer Rating	Baa1
Senior Unsecured	Baa1
Jr Subordinate -Dom Curr	Baa3
Commercial Paper -Dom Curr	P-2
ENI FINANCE INTERNATIONAL SA	
Outlook	Negative
Bkd Senior Unsecured	Baa1
Bkd Commercial Paper	P-2
ENI USA INC.	
Outlook	Negative
Bkd Senior Unsecured	Baa2
ENI FINANCE USA INC.	
Outlook	No Outlook
Bkd Commercial Paper	P-2

Source: Moody's Investors Service

Appendix

Exhibit 12

Adjusted debt reconciliation

(in EUR Millions)	FYE Dec-17	FYE Dec-18	FYE Dec-19	FYE Dec-20	FYE Dec-21	LTM Ending Jun-22
As Reported Debt	**24,707.0**	**25,865.0**	**30,166.0**	**31,704.0**	**33,131.0**	**32,622.0**
Pensions	693.0	660.0	681.0	751.0	356.0	356.0
Operating Leases	3,871.0	3,240.1	0.0	0.0	0.0	0.0
Hybrid Securities	0.0	0.0	0.0	1,500.0	2,500.0	2,500.0
Securitizations	2,051.0	1,769.0	1,782.0	1,377.0	2,059.0	2,713.0
Non-Standard Adjustments	1,623.0	1,664.0	1,676.0	1,533.0	1,413.0	1,413.0
Moody's-Adjusted Debt	**32,945.0**	**33,198.1**	**34,305.0**	**36,865.0**	**39,459.0**	**39,604.0**

Source: Moody's Financial Metrics

Exhibit 13

Adjusted retained cash flow reconciliation

(in EUR Millions)	FYE Dec-17	FYE Dec-18	FYE Dec-19	FYE Dec-20	FYE Dec-21	LTM Ending Jun-22
As Reported Retained Cash Flow	**5,890.0**	**8,820.0**	**9,276.0**	**1,816.0**	**13,177.0**	**18,069.0**
Operating Leases	894.9	726.0	0.0	0.0	0.0	0.0
Capitalized Interest	-73.0	-52.0	-93.0	-73.0	-68.0	-68.0
Inventory – LIFO	-756.0	-229.0	-215.0	253.0	-507.0	-876.0
Unusual	-156.0	69.0	-157.0	937.0	-1,060.0	-1,441.0
Moody's-Adjusted Retained Cash Flow	**5,799.9**	**9,334.0**	**8,811.0**	**2,933.0**	**11,542.0**	**15,684.0**

Source: Moody's Financial Metrics

Exhibit 14

Peer comparison

	Eni S.p.A. Baa1 Negative			Equinor ASA Aa2 Stable			ConocoPhillips A3 Positive			BP p.l.c. A2 Stable			Occidental Petroleum Corp. Ba1 Positive		
(in USD million)	FYE Dec-20	FYE Dec-21	LTM Jun-22	FYE Dec-20	FYE Dec-21	LTM Jun-22	FYE Dec-20	FYE Dec-21	LTM Jun-22	FYE Dec-20	FYE Dec-21	LTM Mar-22	FYE Dec-20	FYE Dec-21	LTM Jun-22
Revenue	$50,204	$90,600	$123,470	$45,753	$88,744	$127,672	$18,784	$45,828	$65,369	$105,944	$157,739	$172,453	$17,809	$25,956	$33,730
Avg. Prod. (MBOE/day)	1,630	1,580	1,563	1,883	1,884	1,868	1,127	1,567	1,647	3,492	3,320	3,254	1,322	1,165	1,143
Proved Reserves (MMBOE)	6,515	6,241	6,241	5,083	5,180	5,180	4,459	6,100	6,100	17,738	16,727	16,727	2,911	3,512	3,512
Distil. Capacity (MB/day)	732	732	732	321	315	315				1,909	1,751	1,751			
EBIT/Avg Book Capital	1.1%	14.1%	22.5%	4.5%	35.6%	67.3%	0.6%	23.2%	34.4%	0.7%	5.7%	6.6%	-1.7%	8.3%	21.0%
DS EBIT/Throughput Bbls	0	1	9	18	11					5	5	7			
EBIT / Int. Exp.	0.9x	12.1x	20.0x	2.8x	27.1x	50.7x	0.3x	14.6x	26.0x	0.5x	4.5x	5.2x	-0.8x	3.0x	9.1x
RCF / Net Debt	13.2%	46.1%	69.7%	41.8%	240.9%	-1998.0%	21.6%	73.8%	159.5%	11.5%	24.7%	25.9%	10.6%	40.9%	71.4%
Total Debt/Capital	48.0%	46.5%	42.4%	48.6%	43.5%	40.8%	38.6%	32.2%	27.3%	55.2%	49.9%	53.3%	59.7%	52.9%	41.5%

All figures are calculated using our estimates and standard adjustments.
Source: Moody's Financial Metrics

Exhibit 15

Key metrics

(in EUR million)	FYE Dec-17	FYE Dec-18	FYE Dec-19	FYE Dec-20	FYE Dec-21	LTM Jun-22
INCOME STATEMENT						
Revenue	66,919	75,822	69,881	43,987	76,575	109,472
EBITDA	12,485	18,384	17,133	8,285	18,503	26,972
EBIT	3,888	10,670	9,027	927	11,388	19,605
Interest Expense	942	926	1,178	999	941	978
BALANCE SHEET						
Cash & Cash Equivalents	13,582	17,388	12,556	14,717	14,440	17,089
Total Debt	32,945	33,198	34,305	36,865	39,459	39,604
Net Debt	19,363	15,810	21,749	22,148	25,019	22,515
CASH FLOW						
Funds from Operations (FFO)	8,683	12,291	11,833	4,901	13,936	18,728
Cash Flow From Operations (CFO)	10,657	14,603	12,286	5,154	12,081	14,784
Capital Expenditures	(9,861)	(9,510)	(12,470)	(5,440)	(6,107)	(7,022)
Dividends	2,883	2,957	3,022	1,968	2,394	3,044
Retained Cash Flow (RCF)	5,800	9,334	8,811	2,933	11,542	15,684
RCF / Debt	17.6%	28.1%	25.7%	8.0%	29.3%	39.6%
Free Cash Flow (FCF)	(2,087)	2,136	(3,206)	(2,254)	3,580	4,718
FCF / Debt	-6.3%	6.4%	-9.3%	-6.1%	9.1%	11.9%
PROFITABILITY						
% Change in Sales (YoY)	20.0%	13.3%	-7.8%	-37.1%	74.1%	107.5%
EBIT margin %	5.8%	14.1%	12.9%	2.1%	14.9%	17.9%
EBITDA margin %	18.7%	24.2%	24.5%	18.8%	24.2%	24.6%
INTEREST COVERAGE						
(FFO + Interest Expense) / Interest Expense	10.2x	14.3x	11.0x	5.9x	15.8x	20.1x
EBIT / Interest Expense	4.1x	11.5x	7.7x	0.9x	12.1x	20.0x
EBITDA / Interest Expense	13.3x	19.9x	14.5x	8.3x	19.7x	27.6x
LEVERAGE						
Debt / EBITDA	2.6x	1.8x	2.0x	4.4x	2.1x	1.5x
Net Debt / EBITDA	1.6x	0.9x	1.3x	2.7x	1.4x	0.8x

All figures are calculated using our estimates and standard adjustments.
Source: Moody's Financial Metrics

REPORT NUMBER 1339127

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Eni SpA

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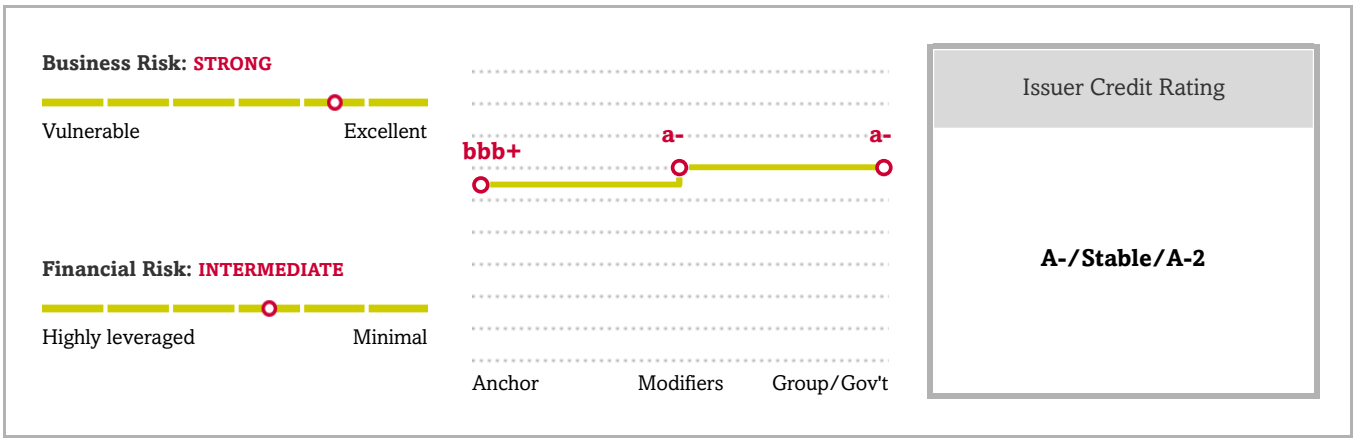
Eni SpA



Credit Highlights

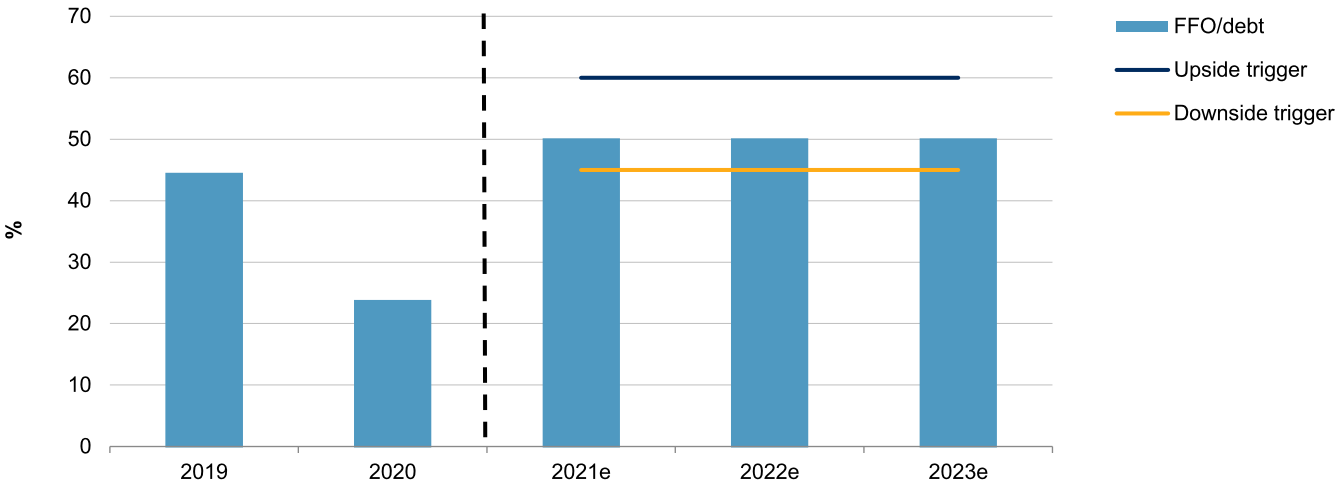
Overview

Key strengths	Key risks
Large upstream scale, benefitting from low operating costs.	Limited integration compared with larger peers.
Adoption of credit-support measures early in the COVID-19 pandemic, notably on dividends.	Sensitivity to variations in oil and gas prices due to a relatively large upstream segment and mounting strategic challenges from the energy transition, which pose uncertainty over long-term growth.
A clear strategy for the energy transition, with ambitious goals.	High exposure to countries outside the Organization for Economic Co-operation and Development (OECD), especially Africa, and often with production-sharing contracts.

Economic recovery and supply-demand imbalance has led to a spike in oil and gas prices. Eni SpA (Eni), with its large upstream segment--representing about 95% of operating profit in the first nine months of 2021--is greatly benefitting from oil and gas prices that are significantly higher than pre-pandemic. Despite production remaining somewhat lower--notably due to OPEC quotas--the company has materially increased its operating cash flow compared with 2020. Furthermore, we anticipate that current and prospective conditions will provide additional rating headroom, since portions of cash flows are reducing Eni's net borrowings, which could provide a downside cushion in a negative commodity price scenario. Despite our assumptions of declining oil price towards $55/barrel, we anticipate Eni will generate positive DCF in both 2022 and 2023.

Chart 1

FFO-To-Debt Ratio Restored



FFO--Funds from operations. e--Estimate. Source: S&P Global Ratings.

Eni's capital expenditure (capex) remains disciplined, allowing the company to increase free operating cash flow (FOCF). Eni has reiterated its intention to spend €6 billion overall in 2021 and €7 billion on average in the coming years, about 65% of which will be in upstream operations, while 20% would be allocated to renewables and retail (could be more if and when the segment becomes an independent entity, see below). These investments, yielding a lower internal rate of return than Eni's upstream portfolio, will require time to materially affect Eni's results--in the first nine months of 2021, power and renewables generated €374 million of operating profit--we think the cash flow from upstream will enable the company to gradually shift its energy portfolio, which could be accelerated by listing the retail and renewables segment. Given the anticipated strong operational performance, we forecast FOCF will surpass €4 billion this year.

Targeted IPO for retail and renewables aimed at accelerating growth in key strategic businesses. As of today, retail and renewables represent a small portion of Eni's operating profit. However, the segment remains a key strategic growth area as the company faces energy transition risks that eventually could lead to lower demand for its legacy oil and gas business. In order to achieve quick growth in renewables, Eni plans to list the renewables and retail business (named Plenitude) in order to attract dedicated investment with an independent balance sheet and a clear strategy of integration between renewable electricity generation and power retail, with overall ambition to reach more than 15 gigawatts (GW) installed capacity (equity basis, unchanged) and more than 15 million retail customers by 2030. Eni plans to self-fund through operating cash flow and debt and, as such, we believe this won't be a burden on its finances. Achieving growth will be a capital-intensive business, and therefore any dividends will be minimal until at least 2025. Depending on the proceeds from the planned transaction, it could provide additional possibilities to boost credit metrics.

Shareholder distribution is on the rise but the company's response during the pandemic and previous downturns indicates a supportive financial policy framework. Eni reduced its interim 2020 cash dividend to a low 0.12 cents per share. The company has since fully restored its dividend to pre-pandemic levels, with its 2021 interim dividend announced at €0.43 per share. This is in line with the stated policy of progressive cash dividends and share buyback

levels based on oil prices. The policy works both ways, with a floor dividend of 36 cents per share at an oil price of $43 per barrel (/bbl), so we anticipate that the company will cut the dividend at lower prices to protect its balance sheet, as it has done in the past. We think the overall shareholder distribution levels will still allow the company to generate positive discretionary cash flow (DCF) and build rating headroom over the coming quarters.

Outlook: Stable

The stable outlook reflects our anticipation that the company will maintain its FFO to debt at or above 45% in the coming years, despite out assumption of gradually declining oil prices. As such, and as the company reduces net borrowings, we think downside risks are becoming more remote. Based on our oil price assumptions, we forecast FFO will largely cover investment needs in its upstream and renewable operations, showcasing positive cash flow after dividends over 2022-2023.

Downside scenario

We would consider a downgrade in the next 12-24 months if FFO to debt declined below 45% on a sustained basis or dipped close to 30% for more than a year. This could occur if management's recent debt reduction were to reverse due to shareholder distributions or acquisitions, or if oil prices were to decline more rapidly than we currently assume, potentially on the back of increased supply.

We would likely not lower the rating on Eni if we downgraded Italy (unsolicited; BBB/Positive/A-2) by one notch to 'BBB-'. However, if the rating differential increased to three notches, we would likely downgrade Eni, bringing our ratings on the company closer to those on Italy.

Upside scenario

We could raise the rating on Eni in the next 12-24 months if we saw the balance sheet becoming particularly conservative, such that FFO to debt would remain at or above 60% on a sustainable basis. This would likely require conservative financial policies and strong operational performance. A strengthened business with more diversification and resilience to commodity cycles would also be a supportive factor. An upgrade would also hinge on positive DCF, such that the company could comfortably cover its capex and dividends with operating cash flow, even if oil prices declined below our long-term base-case assumptions of $55/bbl.

Our Base-Case Scenario

Key metrics

Eni SpA--Key Metrics*

	--Fiscal year ended mmm. dd--				
(Mil.€)	**2019a**	**2020a**	**2021e**	**2022f**	**2023f**
Cash flow from operations	12,392	4,622	10,000-11,000	11,500-12,500	11,000-12,000
Funds from operations (FFO)	11,178	6,139	11,000-12,000	12,000-13,000	11,000-12,000
Capital expenditure	7,852	4,571	5,500-6,000	6,500-7,000	6,500-7,000
Free operating cash flow (FOCF)	4,003	583	4,500-5,000	5,500-6,000	4,000-4,500

Eni SpA--Key Metrics* (cont.)

	--Fiscal year ended mmm. dd--				
(Mil.€)	**2019a**	**2020a**	**2021e**	**2022f**	**2023f**
Debt	25,175	25,940	23,000-24,000	21,500-2,000	21,000-21,500
Debt-to-EBITDA (x)	1.4	2.8	1.2-1.6	1.1-1.5	1.1-1.5
FFO-to-debt (%)	44.4	23.7	45-55	45-55	45-55
FOCF-to-debt (%)	15.9	2.2	18-22	23-27	20-24
DCF-t-debt (%)	2.3	(5.3)	3-5	4-6	2-4

*All figures adjusted by S&P Global Ratings. Insert here footnotes highlighting the key debt adjustments. a--Actual. e--Estimate. f--Forecast. DCF--Discreationary cashflow.

The pickup in oil and gas prices support a gradual improvement in credit metrics, but uncertainty remains. Our base-case assumption of a brent oil price of $65/bbl in 2022, combined with an improving downstream environment and rising refining margins, should lead to a stabilization in credit metrics after what we anticipate will be a robust 2021. However, this working assumption is based on a robust increase in the demand for refined products, which itself is dependent on a continued recovery in economic growth. Because the course of the pandemic remains highly unpredictable, Eni and the entire oil and gas industry are still at risk of weaker scenarios than in our current base case.

Company Description

Eni operates in the oil and gas, refining, and petrochemicals industries, among others, and expects production of about 1.7 million of barrels of oil equivalent per day (boepd) in 2021. With operations in 68 countries, Eni is large and well diversified, and it generated €9.4 billion of S&P Global Ratings-adjusted EBITDA in 2020. It also supplies, trades in, and markets gas, electricity, and liquid natural gas; transports international gas; supplies crude oil; and refines and markets petroleum products to retail and wholesale markets primarily in Italy and the rest of Europe. Furthermore, it is involved in commodity trading and derivatives. Eni was founded in 1953 and is headquartered in Rome, Italy. The Italian Ministry of Economy and Finance has de facto control of Eni through its 30.3% capital ownership, held directly and indirectly via Cassa Depositi e Prestiti SpA.

Peer Comparison

Table 1

Eni SpA--Peer Comparison

Industry sector: Integrated oil and gas

	Eni SpA	**BP PLC**	**Equinor ASA**	**ConocoPhillips**	**Repsol S.A.**
Ratings as of Dec. 22, 2021	A-/Stable/A-2	A-/Stable/A-2	AA-/Stable/A-1+	A-/Stable/A-2	BBB/Stable/A-2
	--Fiscal year ended Dec. 31, 2020--				
(Mil. €)					
Revenue	44,937.0	147,444.9	37,455.1	15,355.5	33,768.0
EBITDA	9,385.0	14,009.1	13,060.0	4,998.9	3,264.4
Funds from operations (FFO)	6,139.0	9,455.3	8,850.8	3,071.4	2,743.2
Interest expense	1,173.0	2,411.1	1,388.9	926.1	683.9

Table 1

Eni SpA--Peer Comparison (cont.)

Industry sector: Integrated oil and gas	Eni SpA	BP PLC	Equinor ASA	ConocoPhillips	Repsol S.A.
Cash interest paid	1,001.0	2,266.5	848.5	706.2	426.2
Cash flow from operations	5,154.0	9,905.8	8,238.5	4,123.5	2,235.0
Capital expenditure	4,571.0	10,059.9	6,677.1	3,809.4	1,845.0
Free operating cash flow (FOCF)	583.0	(154.1)	1,561.4	314.0	390.0
Discretionary cash flow (DCF)	(1,385.0)	(6,202.2)	(1,209.0)	(1,916.1)	(1,327.0)
Cash and short-term investments	14,717.0	23,865.4	14,406.4	5,395.3	5,502.0
Debt	25,940.3	61,913.7	22,087.6	12,309.1	11,261.9
Equity	35,993.0	65,082.1	27,705.1	24,400.8	20,086.0
Adjusted ratios					
EBITDA margin (%)	20.9	9.5	34.9	32.6	9.7
Return on capital (%)	(0.7)	(5.1)	(4.2)	(3.3)	(6.6)
EBITDA interest coverage (x)	8.0	5.8	9.4	5.4	4.8
FFO cash interest coverage (x)	7.1	5.2	11.4	5.3	7.4
Debt/EBITDA (x)	2.8	4.4	1.7	2.5	3.4
FFO/debt (%)	23.7	15.3	40.1	25.0	24.4
Cash flow from operations/debt (%)	19.9	16.0	37.3	33.5	19.8
FOCF/debt (%)	2.2	(0.2)	7.1	2.6	3.5
DCF/debt (%)	(5.3)	(10.0)	(5.5)	(15.6)	(11.8)

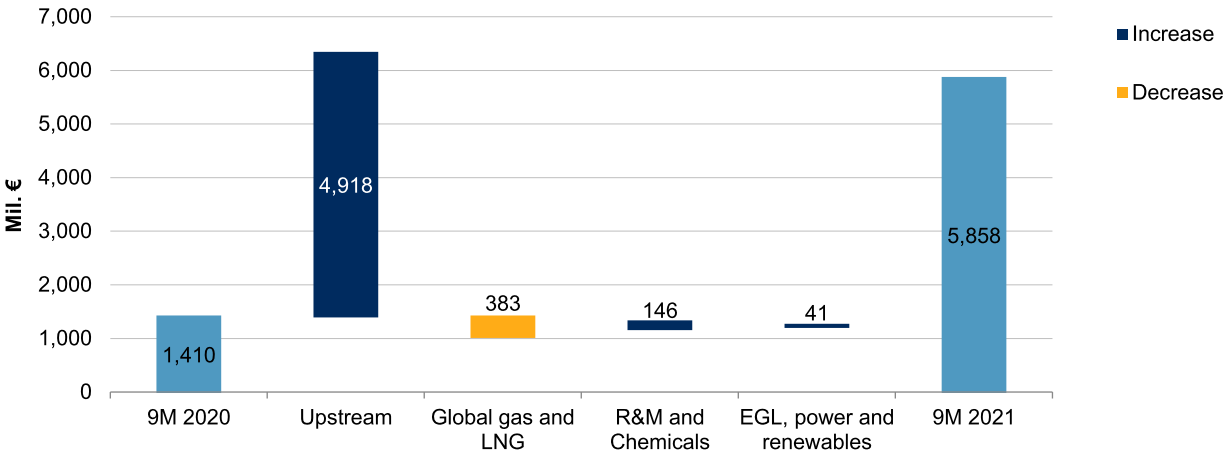
Eni only partly benefits from vertical integration through its exposure to the refining and marketing segment, providing only limited stability as the scale of those businesses are much smaller than for the supermajors. That said, Eni's key strength compared with its upstream peers remains its large-scale operations and diversification in the upstream segment, with a proved reserve life consistently above 10 years of production. Furthermore, with its aspiration to reach peak production in 2025, there is less strategic pressure for Eni to invest heavily in new upstream segments. However, Eni's significant exposure to countries outside the OECD--with more than three-quarters of its total hydrocarbon reserves located in such countries--raises the risk of uncertain political and socioeconomic developments and Eni's ability to continue operating. This potentially increases its risks more than peers.

Business Risk: Strong

Eni has sizable and profitable oil- and gas-producing assets. Its exploration and production (E&P) activities generated more than 95% of operating profit and the bulk of EBITDA in the first 9 months of 2021. The company's international E&P operations are relatively concentrated in continental Africa and the Zohr field in Egypt, but over the past year, it has made a clear move to diversify outside Africa, notably in the Middle East, but also in Asia and Mexico, resulting in a more balanced portfolio.

Chart 2

Adjusted Operating Profit
Upstream driving the recovery



9M--Nine months. LNG--Liquified natural gas. Source: Company report, S&P Global Ratings.

Eni's relatively high sensitivity to oil and gas prices is a weakness as cash flows can vary greatly depending on market conditions. As such, we view it as positive that Eni's strategy is to gradually move away from its high dependence on hydrocarbon prices through the launch of a new company structure in line with a transformation plan it is implementing. Through this transformation, Eni aims to lead the market in the supply of decarbonized products and achieve a more balanced portfolio, with less exposure to volatile hydrocarbon prices through investments in renewables, energy efficiency, or the circular economy. The investments in renewables are likely to be made in the new entity Plenitude planned to be listed in 2022.

The refining segment has suffered from low refining margins for most of 2021 and high gas costs, but the company continues to develop its biofuel capacity, notably through the start-up of a new biomass treatment unit at its Gela refinery, continuing to reduce its use of oil before total phase out. Regulatory pushes in the EU to decarbonize transportation fuel continue to support Eni's biofuel production and overall strategy that over the long term reduce exposure to, notably, oil. We have observed a deterioration in margins for large oil and gas companies over the past years, and there are increasing industry-wide risks related to the energy transition. Because of this, alternative paths for cash flow generation will become increasingly important, especially if regulatory pushes accelerate a shift in demand for energy from renewables rather than fossil-based fuels.

Financial Risk: Intermediate

As the macro environment remains uncertain and volatile, both on the up and downside, Eni's past actions to protect the balance sheet and disciplined approach to capital spending should, in our opinion, allow the company to restore and maintain credit metrics at a level commensurate with the A- rating. The introduction of a dividend floor of €0.36

per share in the context of a $43 brent oil price, increases in shareholder remuneration will be linked to higher oil prices and would reach €0.75 per share at $60 brent, providing the flexibility to adjust dividend payments to the underlying cash flow generation of the company. In a similar manner, share buybacks amounts are defined according to brent, with €300 million for brent between $56/bbl–$60/bbl, €400 million for brent between $61/bbl-$65/bbl, and €800 million for brent above $65/bbl. Eni intends to maintain a robust balance sheet, with no set leverage target. At the end of the third quarter of 2021, leverage stood at 0.28x.

For the oil and gas industry, we focus on FFO to debt as a measure of operating performance because tax can vary greatly between projects and countries, and therefore FFO to debt is the most comparable metric. While 2020 was an exceptional year for many reasons, including one of the worst recessions for decades in many countries, we look ahead to 2021 and beyond to determine if oil and gas companies have the ability to restore their credit metrics in line with their financial risk profile assessments. For Eni, this means FFO to debt of about 45%, which we believe the company can maintain in 2022-2023 and the reason why we stabilized the outlook in October 2021.

Eni has two major equity-accounted investments, Vår Energi in upstream (of which Eni owns 69.85%) and ADNOC in refining (20% stake). Together, these entities' dividends--which we consider operating cash flows--can be important contributors to Eni's overall cash generation. Although we have less insight into the operations of these private entities, we anticipate that the dividend contributions from both will increase in 2022, as market conditions strengthen.

Financial summary

Table 2

Eni SpA--Financial Summary

Industry sector: Integrated oil and gas

	--Fiscal year ended Dec. 31--				
	2020	**2019**	**2018**	**2017**	**2016**
(Mil. €)					
Revenue	44,937.0	70,889.0	76,484.0	67,689.0	56,679.0
EBITDA	9,385.0	17,367.5	18,271.5	12,568.5	9,773.5
Funds from operations (FFO)	6,139.0	11,177.5	12,164.3	8,295.0	5,817.2
Interest expense	1,173.0	1,390.0	1,185.2	1,218.5	1,213.3
Cash interest paid	1,001.0	1,122.0	881.2	836.5	1,015.3
Cash flow from operations	5,154.0	11,855.5	14,111.3	9,961.0	6,644.2
Capital expenditure	4,571.0	7,852.5	8,692.0	8,250.5	8,763.5
Free operating cash flow (FOCF)	583.0	4,003.0	5,419.3	1,710.5	(2,119.3)
Discretionary cash flow (DCF)	(1,385.0)	579.0	2,462.3	(1,172.5)	(5,004.3)
Cash and short-term investments	14,717.0	12,556.0	17,388.0	13,375.0	11,840.0
Gross available cash	14,717.0	12,556.0	17,388.0	13,375.0	11,840.0
Debt	25,940.3	25,175.7	17,991.9	22,162.3	24,611.4
Equity	35,993.0	47,900.0	51,073.0	48,079.0	53,086.0
Adjusted ratios					
EBITDA margin (%)	20.9	24.5	23.9	18.6	17.2
Return on capital (%)	(0.7)	11.5	15.7	6.1	2.3
EBITDA interest coverage (x)	8.0	12.5	15.4	10.3	8.1

Table 2

Eni SpA--Financial Summary (cont.)

Industry sector: Integrated oil and gas

	--Fiscal year ended Dec. 31--				
	2020	**2019**	**2018**	**2017**	**2016**
FFO cash interest coverage (x)	7.1	11.0	14.8	10.9	6.7
Debt/EBITDA (x)	2.8	1.4	1.0	1.8	2.5
FFO/debt (%)	23.7	44.4	67.6	37.4	23.6
Cash flow from operations/debt (%)	19.9	47.1	78.4	44.9	27.0
FOCF/debt (%)	2.2	15.9	30.1	7.7	(8.6)
DCF/debt (%)	(5.3)	2.3	13.7	(5.3)	(20.3)

Reconciliation

Table 3

Eni SpA--Reconciliation Of Reported Amounts With S&P Global Ratings' Adjusted Amounts (Mil. €)

	--Fiscal year ended Dec. 31, 2020--								
Eni SpA reported amounts									
	Debt	**Shareholders' equity**	**Revenue**	**EBITDA**	**Operating income**	**Interest expense**	**S&P Global Ratings' adjusted EBITDA**	**Cash flow from operations**	**Capital expenditure**
Reported	26,686.0	37,415.0	44,947.0	7,541.0	(3,275.0)	893.0	9,385.0	4,822.0	4,644.0
S&P Global Ratings' adjustments									
Cash taxes paid	--	--	--	--	--	--	(2,049.0)	--	--
Cash interest paid	--	--	--	--	--	--	(928.0)	--	--
Trade receivables securitizations	1,377.0	--	--	--	--	--	--	405.0	--
Reported lease liabilities	5,018.0	--	--	--	--	--	--	--	--
Intermediate hybrids reported as equity	1,500.0	(1,500.0)	--	--	--	--	--	--	--
Postretirement benefit obligations/deferred compensation	987.0	--	--	26.0	26.0	17.0	--	--	--
Accessible cash and liquid investments	(14,422.7)	--	--	--	--	--	--	--	--
Capitalized interest	--	--	--	--	--	73.0	(73.0)	(73.0)	(73.0)
Dividends received from equity investments	--	--	--	314.0	--	--	--	--	--
Asset-retirement obligations	4,681.0	--	--	--	--	190.0	--	--	--
Exploration costs	--	--	--	196.0	--	--	(196.0)	--	--
Nonoperating income (expense)	--	--	--	--	(1,711.0)	--	--	--	--
Noncontrolling interest/minority interest	--	78.0	--	--	--	--	--	--	--

Table 3

Eni SpA--Reconciliation Of Reported Amounts With S&P Global Ratings' Adjusted Amounts (Mil. €) (cont.)									
Debt: Guarantees	114.0	--	--	--	--	--	--	--	--
Revenue: Other	--	--	(10.0)	(10.0)	(10.0)	--	--	--	--
EBITDA: Other	--	--	--	1,318.0	1,318.0	--	--	--	--
Depreciation and amortization: Impairment charges/(reversals)	--	--	--	--	3,183.0	--	--	--	--
Working capital: LIFO/FIFO	--	--	--	--	--	--	--	(937.0)	--
Operating cash flow: LIFO/FIFO	--	--	--	--	--	--	--	937.0	--
Total adjustments	(745.7)	(1,422.0)	(10.0)	1,844.0	2,806.0	280.0	(3,246.0)	332.0	(73.0)

S&P Global Ratings' adjusted amounts

	Debt	Equity	Revenue	EBITDA	EBIT	Interest expense	Funds from operations	Cash flow from operations	Capital expenditure
Adjusted	25,940.3	35,993.0	44,937.0	9,385.0	(469.0)	1,173.0	6,139.0	5,154.0	4,571.0

Liquidity: Strong

We consider Eni's liquidity as strong. We project that sources of liquidity will cover uses by 1.8x for the 12 months from Sept. 30, 2021, and we think Eni can keep this ratio above 1.5x. We project that Eni will retain ample cash and short-term investments and undrawn long-term bank lines, although it also has significant short-term debt, capex, and dividends. Because Eni is a highly rated oil and gas company, we believe it will continue to enjoy international bank support and access to capital markets.

Principal liquidity sources

- Unrestricted cash and liquid investments of approximately €14 billion;
- Committed undrawn long-term bank lines of €5 billion; and
- Our forecast of cash FFO of about €9-10 billion.

Principal liquidity uses

- Debt maturities of about €4.7 billion;
- About €6.5 billion-€7 billion in capex; and
- Dividends of about €3 billion.

Environmental, Social, And Governance

ESG Credit Indicators

E-1	E-2	E-3	**E-4**	E-5	S-1	**S-2**	S-3	S-4	S-5	G-1	**G-2**	G-3	G-4	G-5

- Climate transition risks	- N/A	- N/A

ESG credit indicators provide additional disclosure and transparency at the entity level and reflect S&P Global Ratings' opinion of the influence that environmental, social, and governance factors have on our credit rating analysis. They are not a sustainability rating or an S&P Global Ratings ESG Evaluation. The extent of the influence of these factors is reflected on an alphanumerical 1-5 scale where 1 = positive, 2 = neutral, 3 = moderately negative, 4 = negative, and 5 = very negative. For more information, see our commentary "ESG Credit Indicators: Definition And Applications," published Oct. 13, 2021.

Environmental factors are a negative consideration in our credit rating analysis of Eni SpA. Most of Eni's operations are upstream (82% of the group's operating profit in 2020) and directly exposed to the risks associated to the energy transition and potential long-term decline in demand for oil. The company is mitigating those risks and has articulated a clear path toward reducing exposure to oil, notably through increased share of gas in production as well as diversification in biorefining and renewables, with a target of more than 15GW by 2030. Eni has a relatively high share of operations in countries outside the Organization for Economic Cooperation and Development that could face large social and governance risks. However, we note the track record of operating in this environment without major incidents.

Government Influence

We assess Eni as a government-related entity because we believe it could be affected by extraordinary government intervention in periods of stress. This assessment would not necessarily change if the government were to reduce its 30% stake in Eni. Our stand-alone credit profile for Eni is 'a-', two notches above the 'BBB' rating on Italy. Consequently, we do not reflect any implied government support for Eni in our ratings. We assess Eni's role for the Italian government as important, recognizing its key role in gas importation and fuel provision, and we view its link to the government as limited. We understand that the government's principal influence on Eni is its appointment of most of the board of directors. Overall, we consider there is a moderate likelihood of the Italian government providing extraordinary support to Eni if needed.

Rating Above The Sovereign

We rate Eni higher than Italy because we believe the company could maintain enough liquidity to cover its commitments in the event of stress on the sovereign. Most of Eni's cash flow derives from E&P operations, about 90% of which are located outside Italy. The international operations provide a relative buffer for the company against weak

domestic operations. That said, we would not rate Eni more than three notches above the Italian sovereign, as we believe that a sovereign and its actions can have a broad effect on the credit quality of the companies domiciled within its borders. We have a hard cap on the rating on Eni at a maximum of four notches above the rating on Italy.

Issue Ratings - Subordination Risk Analysis

Capital structure

The capital structure primarily consists of debt issued or guaranteed by Eni. Eni has consistently held high cash balances and access to liquidity. We assess the €5 billion of hybrid debt that Eni has issued since October 2020 as having intermediate equity content.

Analytical conclusions

We rate the senior unsecured debt issued or guaranteed by Eni at 'A-', in line with the issuer credit rating, because we do not believe there are significant elements of subordination risk in the capital structure. We rate the subordinated hybrid notes issued by Eni 'BBB', two notches below the issuer credit rating. This reflects the notes' subordination and the deferability of the coupons.

Ratings Score Snapshot

Issuer Credit Rating

A-/Stable/A-2

Business risk: Strong

- **Country risk:** Moderately high
- **Industry risk:** Moderately high
- **Competitive position:** Excellent

Financial risk: Intermediate

- **Cash flow/leverage:** Intermediate

Anchor: bbb+

Modifiers

- **Diversification/portfolio effect:** Neutral (no impact)
- **Capital structure:** Neutral (no impact)
- **Financial policy:** Neutral (no impact)
- **Liquidity:** Strong (no impact)
- **Management and governance:** Satisfactory (no impact)
- **Comparable rating analysis:** Positive (+1 notch)

Stand-alone credit profile : a-

- **Related government rating:** BBB
- **Likelihood of government support:** Moderate (no impact)

Related Criteria

- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Hybrid Capital: Methodology And Assumptions, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Rating Government-Related Entities: Methodology And Assumptions, March 25, 2015
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- Criteria | Corporates | Industrials: Key Credit Factors For The Oil Refining And Marketing Industry, March 27, 2014
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- Criteria | Corporates | General: Corporate Methodology, Nov. 19, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities, Nov. 13, 2012
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Business And Financial Risk Matrix

	Financial Risk Profile					
Business Risk Profile	Minimal	Modest	**Intermediate**	Significant	Aggressive	Highly leveraged
Excellent	aaa/aa+	aa	a+/a	a-	bbb	bbb-/bb+
Strong	aa/aa-	a+/a	**a-/bbb+**	bbb	bb+	bb
Satisfactory	a/a-	bbb+	bbb/bbb-	bbb-/bb+	bb	b+
Fair	bbb/bbb-	bbb-	bb+	bb	bb-	b
Weak	bb+	bb+	bb	bb-	b+	b/b-
Vulnerable	bb-	bb-	bb-/b+	b+	b	b-

Ratings Detail (As Of December 22, 2021)*

Eni SpA	
Issuer Credit Rating	A-/Stable/A-2
Junior Subordinated	BBB

Ratings Detail (As Of December 22, 2021)*(cont.)	
Senior Unsecured	A-
Issuer Credit Ratings History	
29-Oct-2021	A-/Stable/A-2
25-Mar-2020	A-/Negative/A-2
30-Aug-2018	A-/Stable/A-2
21-Dec-2017	BBB+/Positive/A-2
Related Entities	
Eni International B.V.	
Issuer Credit Rating	A-/Stable/A-2
Eni Lasmo PLC	
Issuer Credit Rating	A-/Stable/--
Eni U.S. Inc.	
Issuer Credit Rating	A-/Stable/--

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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